

■ THREE APPROACHES TO ORGANIZATIONAL LEARNING

Anthony J. Reilly

“I do OD.” “We’re into OD in our organization.” The term Organization Development, or “OD” as it is popularly called, has become part of the applied behavioral science jargon. In some instances it is confused with other terms, such as management training or management development. Although there is some overlap, both conceptually and operationally, among the terms, there are real differences as well. The attempt here is to show how the three terms complement one another on the one hand and how they differ on the other.

An implicit expectation of any kind of management enrichment program is that of *learning*, which generally involves some relatively permanent type of change—behavioral, attitudinal, or cognitive. Therefore, the different *kinds* of learning are of particular interest to us in this paper.

MANAGEMENT TRAINING

When I think of “training,” I think of one kind of learning. Training conveys to me the idea of making people more alike than different in some respect and trying to deemphasize individual differences in some particular area. For example, a number of persons are *trained* to operate a complicated piece of equipment. Once the equipment is designed and built, hopefully to the specifications that optimize a person’s ability to operate the machine, training programs are implemented in order that the operator may “fit” himself or herself to the machine. Individual differences among people in terms of how they operate the machine may cut down on the machines’ efficiency. Time-and-motion studies represent another approach where training may be utilized to make people respond to a set behavioral pattern. What about *management training*? Many organizations spend considerable time, energy, and dollars to make their managers more alike than different. Instilling company values and philosophy and inculcating the organization’s climate and norms are examples of exposing managers to ideas and ideals they are expected to emulate and to think similarly about. Training managers in specific *skill areas*—data processing, budget and accounting techniques, salary administration—are other examples of applications of management training.

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MANAGEMENT DEVELOPMENT

Whereas management training attempts to level out individual differences, *management development* provides a different kind of learning opportunity. To me, development means legitimizing individual differences, providing opportunities for the person to actualize his or her own potential, and encouraging managers to be more different than they are alike along certain dimensions. As with training, numerous organizations invest extensively into management development programs. Examples of *management development* include the following: career testing and counseling programs, in which the person receives feedback based on test results about his or her abilities, interests, and personality; university programs geared towards a continuing education experience for the person, such as new ideas about management and advanced technological advances the manager needs to know about; and personal growth experiences, in which the person comes to an increased awareness and understanding of himself or herself and how he or she affects other people. Each of these provides an experience aimed at developing the individual's unique potential. The focal point is on *self*-development. The assumption made here is that increased self-awareness and understanding can lead to attitudinal or behavioral changes that will increase an individual's personal effectiveness and ultimately the effectiveness of the organization.

ORGANIZATION DEVELOPMENT

Conceptually, *organization development* is different from both management training and management development. The latter two kinds of learning may, however, be part of an OD effort. Burke (1971) stated that "although persons may be involved in events that are properly labeled as OD technology (some of the examples mentioned above), such activities are not considered *organizational development* if they are not part of a planned effort at changing the organization's culture." In short, OD can be defined as a planned process of cultural change utilizing behavioral science knowledge as a base for interventions aimed at increasing the organization's health and effectiveness (Beckhard, 1969). As such, its focus is not solely on the individual person and his or her growth in the organization. Rather, the focus is on how the individual relates to his or her own work group and how his or her group interfaces with other groups in the organization. Again, to use Burke's words: "The primary reason for using OD is a need to improve some or all of the *system* that constitutes the total organization."

Such a planned process demands careful assessment or diagnosis of what is needed to increase overall effectiveness, along with tailor-made changes or interventions, the goals of which are to satisfy those felt needs. The key concern of behavioral science practitioners involved in OD work is, of course, to create the kind of organizational climate wherein individuals meet their own needs and, at the same time, optimize the realization of organizational goals. Team-building, learning how to diagnose needs, working through task and interpersonal issues, creating structural and functional changes to facilitate effectiveness are some examples that may be part of an OD effort.

These three approaches to organization growth are certainly not mutually exclusive. Rather, each is complementary to the other. Often one phase evolves rather naturally into another. However, the evaluation has a definite sequence. Generally, the pattern follows one of management training→management development→organization development. For example, before effective intergroup work (part of an OD sequence) is done, it is of great importance that team-building within each group be conducted.

The choice of learning approach employed—management training, management development or organization development—depends, therefore, on the specific kind of change desired in the organization. Whether the change be directed at reducing individual differences, legitimizing individual differences, or enhancing group/intergroup collaboration, performance is the key issue.

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■ DIMENSIONS OF THE ORGANIZATIONAL UNIVERSE: A MODEL FOR ASSESSMENT AND DIRECTION

David J. Marion

Many approaches and technologies have been devised for assessing, managing, and developing organizations. Now available is a more sophisticated and varied set of alternatives for understanding and directing organizational behavior than ever before. The very complexity of this arsenal, however, renders it more a maze than a repertoire of choices. Lacking an adequate frame of reference, such a situation tends to produce confusion and poor choices. This essay presents a paradigm to order this array in terms of *basic dimensions of organizational life*. This model is keyed to the view that human systems are preeminently knowledge-producing and knowledge-utilizing systems.

STATE OF THE ART

The proliferation of theories, approaches, schemes, and models for understanding and affecting organizations is a natural and laudable consequence of success in basic research and in applied development efforts. Not unlike what has occurred in medicine and other highly technical fields, however, this has resulted in an information overload. A second cause of this proliferation of models and methods is that, unlike medicine's development of new ways to deal with problems that have always existed, the organizational, interpersonal, and intrapersonal arts and sciences must produce new approaches to *new* problems.

Individuals, their relationships, and their organizations exist in, contribute to, and partake of a new world. In the broadest terms, this new world may be characterized by unprecedented rates of change, magnitudes of size, degrees of complexity, explosions of information, implosions of space and time, and interpenetration and pervasiveness of systems. In such a world, traditional and unexamined forms of organizational functioning have become progressively less satisfactory. Thus new innovations have arisen, some of them directly out of scientific exploration of the organizational universe. If traditional ways are marked by their stable and unexamined nature, the contrasting hallmarks of science are change and explicit inquiry. Deliberate, thoughtful experimentation has led to such techniques and approaches as PPBS (Planning Programming Budgeting System), participatory management, PERT (Program

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Evaluation and Review Techniques), performance contracting, grid analysis, MBO (Management By Objectives), sensitivity training, etc.

However, these techniques and approaches are more the administrator's puzzle than repertoire. In many ways the choices resemble those to be made in a modern supermarket: tremendous variety, competing products within each category, distinctively different and attractive packaging of similar commodities, and seemingly sincere testimonials by experts and users as to the goodness of particular products and producers. The modern manager/administrator has reason to feel that he or she is in a situation similar to that of the supermarket shopper. Varieties of approaches to organizational life are abundant, but there is little in the way of basic concepts that can guide our actions.

Intelligent selection, sequencing, and combining of techniques and methods of organizational assessment and direction are not possible unless there is an adequate frame of reference. This essay attempts to provide the manager with such a frame of reference. It presents a model of the organizational realm that can serve as a guide to organizational diagnosis and as a matrix for evaluating and selecting the techniques and approaches best suited to the solution of identified problems and concerns. This double purpose dictates the nature of the model to be developed.

In order to provide a general orientation for assessing organizational situations, the various ways of characterizing and describing such situations must be synthesized along basic dimensions. Reciprocally, in order to provide guidance in managing organizational situations, these basic dimensions must be analyzed and exposed.

THE ORGANIZATIONAL UNIVERSE

It often seems that organizational "solutions" (i.e., methods of assessment, management, development, etc.) are less than effective because of the complex and often confusing nature of organizational problems. Organizational life does not present itself to us in the shape of clearly delimited and defined problems. Indeed, the nature of problems in this domain is itself often problematic.

Organizations are some of the most complex sets of phenomena in the universe. Organizations not only have a multitude of parts and pieces and relationships, but a multitude of kinds of parts and pieces and relationships. Human organizations are made up of people, finances, places, understandings, inputs, groups, rewards, inventories, leaders, budgets, expectations, followers, regulations, outputs, salaries, incidents, tables of organization, histories, costs, communication, space, materials, authority, information, processes, tasks, choices, personnel, routine, morale, decisions, forms, motives, and many more components.

Every person has an implicit sense of how things work in his or her organization. But when it comes to conceptualizing organizations in ways that help to understand, to predict, and to affect them (diagnosis, prognosis, and treatment), we are still at a very primitive stage.

A great deal more is known about the universe of the atom and of the solar system than about the universe of human organizations. For instance, it is known that the basic dimensions of atoms are mass, charge, and quantum level. In terms of these dimensions, the optical, electromagnetic, chemical, and other properties of various atoms can be described. In this way, the properties of the atom can be understood, predicted, and, in a growing number of instances, used for human purposes. We can begin to do the same in the universe of human organizations.

THE MODEL: SOME BASIC DIMENSIONS

The name of the model, *Human System Development*, identifies the three basic dimensions of the universe of human organizations (see Figure 1). All organizations have human energies, system dynamics, and developmental process.

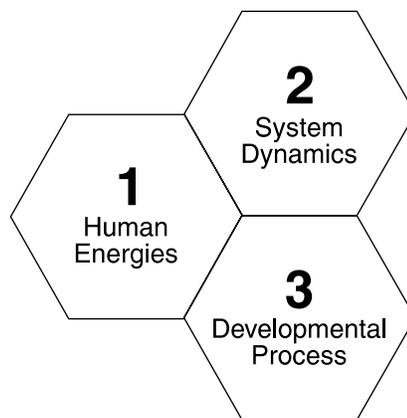


Figure 1. Human System Development Model

These things are no more a tangible part of our direct experience than are mass, charge, and quantum levels. However, just as the properties of atoms reflect the way in which these basic dimensions are embodied, so can the ways, histories, and prospects of organizations be understood by the way in which they embody (1) *human energies*, (2) *system dynamics*, and (3) *developmental process*.

Human Energies

Human energies, which make an organization function, can be viewed as needs, interests, and values. In a sense, these energies are the fuel that fires the engine. If that is all they are, however, people are being exploited. Human needs, interests, and values deserve a significant degree of fulfillment. Unless an organization provides its members with a minimum of such fulfillment, it ultimately will founder.

In more traditional terms, human energies can be seen as *knowledge*, *attitudes*, and *behavior*. This is the familiar mapping of human activity into the cognitive, the affective, and the conative domains.

The two approaches are certainly compatible (see Figure 2). Needs, interests, and values influence behavior, attitudes, and understandings. Reciprocally, needs, interests, and values consist of particular configurations of behavior, attitudes, and understandings. Both sets of terms provide a most comprehensive framework to examine a person's or a group's current status and future direction. For instance, does a person or a group want to do something (interest or need) but lack the skills (behavior) and concepts (knowledge) necessary for doing it, or vice versa? Does a person or a group understand the need for action but still hesitate to do it because personal (group) values conflict with that action? (As Samuel Johnson said, "A man may be convinced but not pleased against his will.")

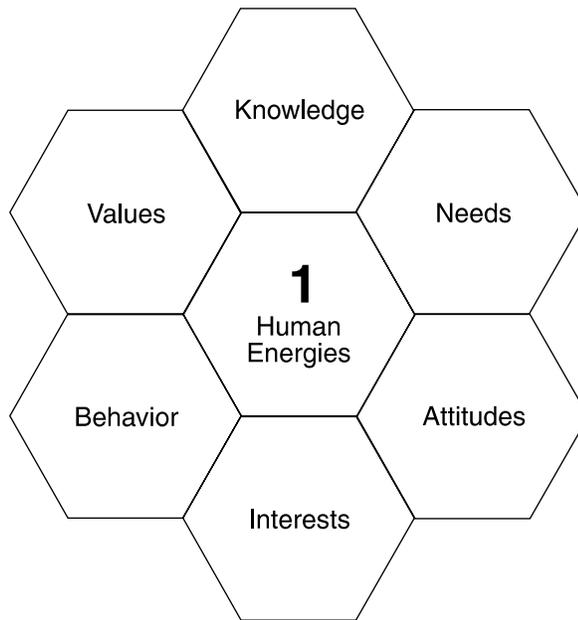


Figure 2. Human Energies

There are any number of ways that each subdimension can be applied in greater detail. For instance, Abraham Maslow (1970) conceives of needs as a hierarchy that builds from basic needs for survival and safety through the needs for love, for esteem, and ultimately to the need for self-actualization.

A final word about human energies is that, like the other dimensions of the Human System Development model, they must be viewed as having, or existing on, multiple levels. At the least, human energies are organized at individual, group, institutional, and community levels. Usually a system's thrust—its tendencies and tensions—is discovered when the shape of human energies is determined at more than one level. For instance, as individual needs are recognized to meet, overlap, conflict, or compete with group needs, the basis for action that satisfies both sets of needs begins to be defined. As institutional action undermines, neglects, sympathizes with, or supports the efforts of an individual, a group, or a community, individual-institutional, group-institutional, or community-institutional transactions take shape.

It is clear that in considering organizational functioning, the components and contexts with which the organization interacts must be taken into account. Organizations live through interaction. Without it, an organization is not truly alive and will soon perish.

System Dynamics

Organizations, of course, cannot be fully seen in terms only of human energies. Attention must also be given to system dynamics—the second basic dimension of our model (see Figure 3). From this perspective on organizational life, the structure, the functions, and the processes of the organization can be examined.

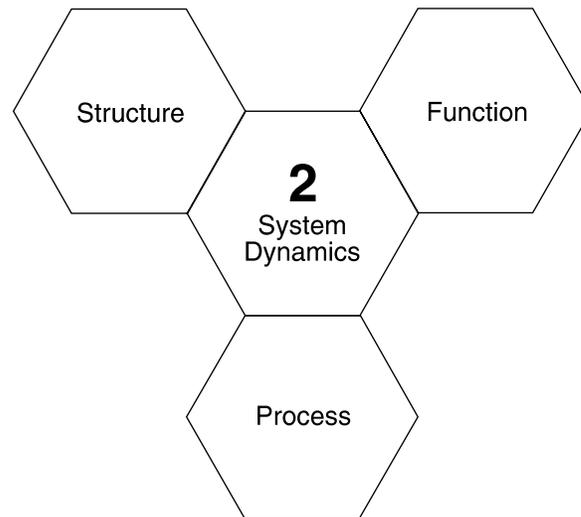


Figure 3. System Dynamics

Organizational structure includes such things as fiscal parameters and controls (e.g., the budget, profit-and-loss statement, debt service, external audits, taxes), the table of organization, the articles of incorporation, the plant and/or other real property, personnel and personnel policies, and the organization’s legal status and obligations. Organizational structure is both a reflection and a determinant of the organization’s functions. Indeed, the appropriateness, or fit, between the formal and informal structure of the organization and the functions that particular components and the organization as a whole are called on to provide, is a most critical matter.

Organizational function refers to the various outputs or outcomes of the organization’s activities: the products, services, benefits, and effects of organizational life. Useful categories for assessing this domain are productivity, integration, organizational health, and feedback.¹

Productivity is concerned with the defining tasks of the organization—what it does for a living—whether this is teaching children how to read, manufacturing can openers,

¹ These categories and the related discussion follow Immegart and Pilecki (1973).

or selling insurance. Integration “is the meshing of the needs of the individuals and groups within the organization to organizational goals, and the linking of individuals and groups in the pursuit of those goals” (Immegart & Pilecki, 1973, p. 103). Organizational health refers to the relationship between the organization and its environment. It depends on the organization’s capacity to test reality, the sense of organizational identity and purpose held by members and subdivisions of the organization, and the organization’s ability to adapt to environmental change. Feedback is the use of information about organizational structure, process, and function to monitor and/or modify organizational life.

Organizational process refers to the way in which structure gets translated into function, and vice versa. To take a simple example, the structure of a football team is largely defined by the different types of players (tackles, ends, running backs, etc.), the rules governing each of these roles, the number playing each role, and their alignment. Their functions are largely defined by their tasks in accomplishing a particular play: sideline pass, off-tackle run, quarterback sneak, etc. Thus, players in formation run the play—i.e., structure translated into function is process.

Because organizational structure and function are typically the focus of organizational assessments, it is worthwhile to elaborate on the nature of organizational process. Process has a particular relationship with the human energies dimension discussed earlier: The several dimensions together define a total universe. The process of an organization might be manifested in the following energies:

- *Attitudes*: Do people judge others harshly or are they uncritical and accepting in their evaluations?
- *Behavior*: Do people interact based on the motives they attribute to one another or do they ask others the reasons for their behavior?
- *Cognition*: Are people open to experience or do they insist on perceiving things in their own way?²

How we implement organizational structure and execute organizational function often makes the difference between success and failure. Two organizations might be quite similar in their formal structures and functions but, because the processes in each are different, vary tremendously in their effectiveness.

Life within these two hypothetical organizations would be quite different. They would differ in such matters as communication, intergroup relations, group roles, leadership and authority, decision-making, and group norms.³ The last items provide another set of categories with which to analyze further the process subdimension.

² This set of alternatives is an adaption of Argyris’s (1969) conception of Pattern A and Pattern B behavior.

³ These are the six dimensions that Schein (1969) presents as universals of group process.

Developmental Process

The transaction between human energies and system dynamics constitutes the third major dimension of our model, namely, developmental process. To the extent that human energies flow into and are channeled by the dynamics of the system, and to the extent that the system dynamics consist of and shape human energies, the organization has a developmental aspect or dimension. This concept of development parallels Piaget's (1954) notion of growth through the equilibration of assimilative and accommodative processes, Dewey's (1930) conception of growth as a mutually reconstructive transaction between new impulses and habitual ways, and, most generally, Hegel's understanding of development as synthesis emerging from the confluence of thesis and antithesis.

Human energies and system dynamics, of course, do not always merge productively. Organizations fail. Commercial operations, governments, voluntary organizations, families, or entire civilizations may come to premature and final ends. One way to prevent or to control such events, however, is to be aware of those developmental processes necessary for organization survival.

There are numerous schemes describing the nature of development. For purposes of assessing and directing organizations, the categories that follow are useful.

Successful human organizations continually cycle through sequences of *problem identification* or problem definition, *problem solving*, and *evaluation* (see Figure 4).

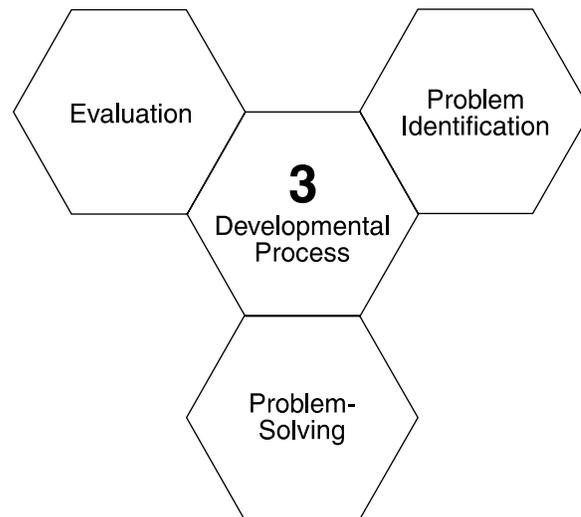


Figure 4. Developmental Process

Often when an organization is not functioning effectively, it is because the organization overemphasizes one phase of the cycle, or fails to recognize that such a cycle exists. The result is that the organization tends to remain fixed in a particular mode of operation.

An organization that is overfocused on evaluation can make excellent judgments about what is and what is not working, but that by itself will not lead to better methods.

However, too much attention to problem solving—forceful action as an end in itself—can lead us into tunnel vision, unable to question our direction.⁴ On the other hand, problem identification that does not lead to problem solving provides satisfying discussions but not effective organizations. Only through alternating emphasis on problem identification, problem solving, and evaluation can effective action and development occur.

Without development an organization atrophies into inefficiency and finally disintegrates. Thus organizations must find ways to bring human energies and system dynamics together so that the organization may continually renew itself—its members, its style, its structure, etc. This requires deliberate, conscious attention to developmental process.

A self-renewing system must learn as it acts concerning the consequences of and the alternatives to its present forms of action, and it must organize or reorganize itself to act effectively on what it has learned about consequences and alternatives. (Benne, 1968, p. 147)

Particular kinds of activity, interaction, and sentiment characterize the successive phases of development in a self-renewing, self-directing system. Problem identification requires climate assessment and/or setting, establishment of a mutual planning structure, and assessment of needs. Problem-solving involves translating needs into objectives, designing an action plan, and implementing that plan. Evaluation is a second-order round of problem identification.⁵ Problem identification and problem solving are reciprocal functions. Much like the relationship between the arts of acceptance and the arts of control, problem identification and problem solving respectively emphasize reflection and direction, past and future, induction and deduction, search and integration, openness and consolidation.

SUMMARY

A model of the organizational universe has been described. It is not a model of organizations. It is a model of universal dimensions in terms of which models of organizations and their assessment, management, and development might be constructed. As such it may serve as a general guide in assessing and directing organizational behavior. In considering a problem, choosing an approach, or evaluating a performance, the model can be used to make explicit and coherent the many factors that should be taken into account.

Vision and awareness are crucial. Ever larger, more complex, pervasive, interdependent, and impersonal systems—ecological, economic, legal, industrial, political, societal—dominate human existence. Simplistic notions of individual freedom,

⁴ David Halberstam (1972) suggests that it was just such a “can do,” antitheoretical approach by the Kennedy and Johnson administrations that led them into Vietnam.

⁵ In summary terms, this is Knowles’s (1970) “andragogical process.”

small-group helpfulness, and/or/versus bureaucratic efficiency are hardly adequate to our situation.

A graphic summary of the model, though necessarily simplifying its concepts (Figure 5), may help to pull it together. The model might best be thought of as multiple sets of lenses and prisms for refracting, separating, and focusing the varied phenomena of organizational life.

Human organizations are most complex, conceptually and practically. Yet they necessarily involve and crucially affect life on this globe. We do not know the future of the corporate age that began with the industrial revolution and that is now burgeoning through cybernetic refinement and elaboration. But it becomes increasingly clear that this age must lead either to a terminal phase or to a new human age. Achieving a human age will require a fuller understanding and use of human organizations.

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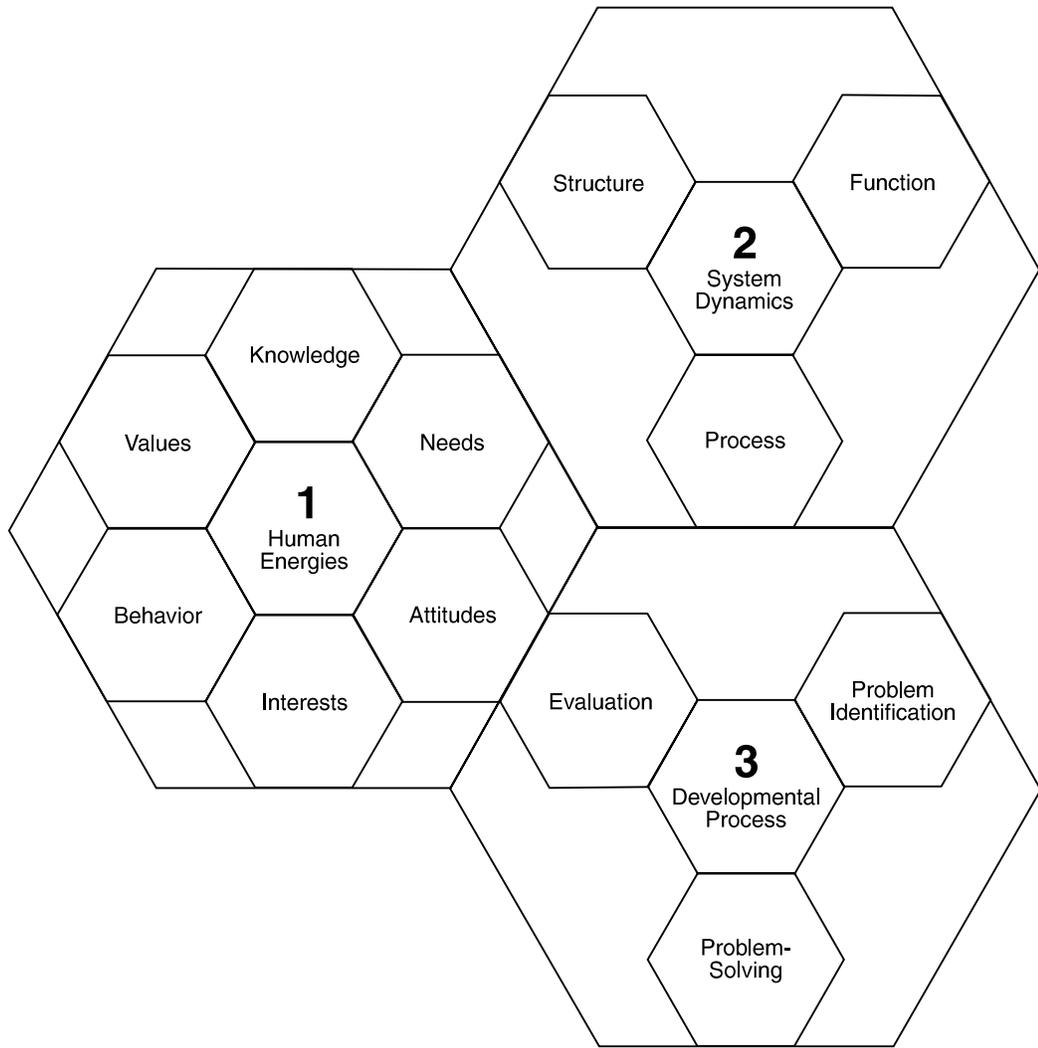


Figure 5. Interpenetrating Dimensions of Human System Development

■ SKILL CLIMATE AND ORGANIZATIONAL BLOCKAGES

David L. Francis

Insights and research data from organizational sociology amassed by such people as Burns and Stalker (1961), Perrow (1970), Lawrence and Lorsch (1967), and Woodward (1970) should have extraordinary practical value to trainers and organization development (OD) practitioners. Regrettably, despite all the papers dealing with contingency and open-systems theory, little has emerged of widespread practical use.

Organizational sociology has provided many theoretical insights for OD, yet no adequate vehicle exists for applying them to human organization systems. Goodfield (1973) describes the problem this way: “Insight without action leads to anxiety.” The model described in this paper shows how one OD specialist has used sociological theory to identify key organizational blockages and, hence, highly effective areas for OD interventions.

In this model, there are two stages in the analysis of significant change issues for organizations. The first step is to categorize the organization, and the second is to check for the “blockages” most frequently found in each category.

CATEGORIZING THE ORGANIZATION

It is difficult to categorize organizations objectively into distinct types, since much depends on the observer’s viewpoint. OD practitioners usually address themselves to the human aspects of the client system and are principally concerned with helping the client eliminate obstacles to the effective utilization of people, while encouraging humanistic values. Hence OD practitioners require models that enable key human-system blockages to be identified.

When invited to assess a system to determine its “people blockages,” a practitioner using this model should first determine the predominant “skill climate” of the system. Particular technologies and organizations require specific abilities from people. Every job uses and develops certain skills of a person, ignoring other skills. The skill climate is defined by the type of demands a system makes on an individual.

It is helpful to distinguish four distinct categories of skill climate; organizations usually contain parts of each (see Figure 1).

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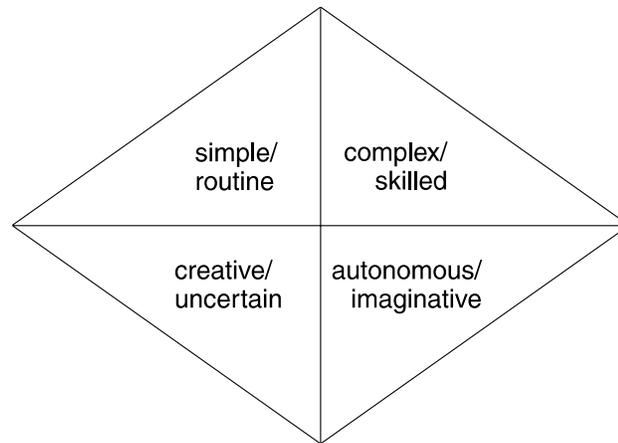


Figure 1. Categories of Skill Climate

Simple/Routine

In this category, tasks are repetitive and relatively undemanding. Only a small part of an individual's abilities can be used on the job. The task may be a simple mechanical activity, like packing products on an assembly line or monitoring a machine. There is little real intrinsic challenge or interest in the job, and people can predict their work pattern in almost every detail.

Complex/Skilled

Tasks are much more varied and demanding than in the first category, although they have defined limits. A body of knowledge, a technology, or a set of skills can be applied to a variety of job-holders, such as craftsmen who build custom machines, electrical service engineers, or cost accountants. Often people find these jobs satisfying and demanding. Rapid advances in technology require regular reeducation, making the job also a learning experience to some degree.

Creative/Uncertain

In areas where positive knowledge is limited and there is a high degree of uncertainty, special skills are relevant. The individual is required to grasp what may be incomplete or inadequate elements in a situation and derive a meaningful assessment. Resolving uncertainty and determining new disciplines require genuine personal creativity. Senior managers, scientists, and marketing executives are often found in this category. The jobs are challenging, but they are often accompanied by tension and stress as well, and the lack of certainty and self-evident solutions is debilitating to many.

Autonomous/Imaginative

Some parts of organizations and jobs are highly autonomous and require employees to exercise individual discretion and imagination. People are largely undirected in details and are expected to resolve situations themselves. Examples of such organizations are a department store, a company's training department, or a firm of architects. However, since risks are usually limited, little anxiety is created for most jobholders. Often these jobs are experienced as being satisfying, since they allow the individual to make a personal impact and to see the results of his or her individual solutions.

Organizational Functions

The categorization of an organization by an OD practitioner is usually best determined by reference to the central technology of the system. The diagram in Figure 2, inspired by Perrow (1970), adapts the categories of skill climate to the technology of the system.

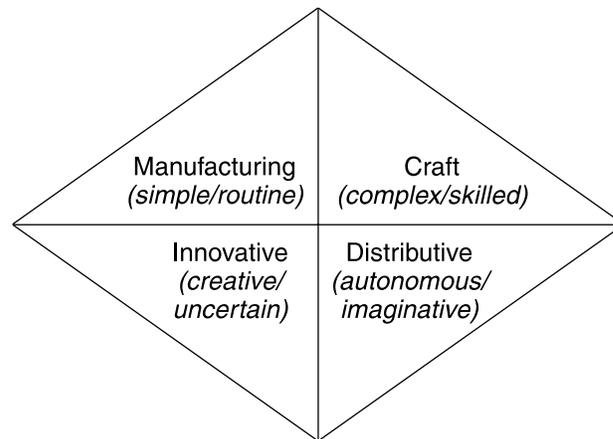


Figure 2. Categories of Organizational Functions

COMMON "BLOCKAGES"

Certain blockages arise repeatedly in each category. Being aware of these can help in analyzing the system.

Manufacturing Blockages

In the manufacturing function, organizations are likely to suffer from the following problems: inadequate training of operators; lack of technical innovation; inadequate diagnosis or consideration of flaws; failure to coordinate production techniques; lack of job satisfaction; insufficient flexibility.

Craft Blockages

Organizations operating in the skill climate related to craft activities may find the following difficulties: need for education and reeducation of workers; insufficient skills of analysis; inadequate objective-setting; poor communication; failure to define roles adequately; need to analyze sociotechnical systems appropriately.

Innovative Blockages

The creative/uncertain skill climate apparent in organizations involved in innovation raises particular problems: lack of interpersonal skills; overemphasis on individual creativity; an insufficiently supportive atmosphere; need for continual professional development; poor judgement and decision-making: weak utilization of data: poor communication; inadequate planning for change; awkward relationship with other systems; failure to find and implement innovative solutions.

Distributive Blockages

The difficulties faced by an organization engaged in distribution are also linked to the function of the organization: poor company objectives; lack of standards and procedures; poor customer relations; failure to take the initiative; inadequate knowledge of the product; poor control of the organization's procedures.

APPROPRIATE STRATEGIES

When planning organizational changes an analysis of the skill climate and functions of the organization should be considered along with the theories of organizational sociology. There will consequently be less danger that the consultant's "favorite"—and perhaps inappropriate strategies will be automatically applied.

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■ ORGANIZATIONAL NORMS

Mark Alexander

Within any organizational situation there are a variety of behavioral-level forces at work that influence to a greater or lesser degree the effectiveness and job satisfaction of the individuals operating within that situation. To a certain extent these forces are a result of the requirements of the organization—requirements that people behave and act in certain ways, that they hold certain values and sentiments, and that they interact with others in a particular manner.¹

REQUIRED AND EMERGENT BEHAVIOR

As most of us know, either from experience or from observation, the *required* behavior, sentiments, and interactions of an organization are not necessarily the ones that are in effect. Existent, or *emergent* behaviors, sentiments, and interactions in many cases have a much greater influence on organization life than does the required behavior, and emergent behavior correspondingly affects productivity, individual satisfaction, and personal development. It has been generally recognized by behavioral scientists that emergent organizational behavior is determined to a great extent by the formation of behavioral norms within working groups in the organization. Norms are the “oughts” of behavior. They are what is considered to be acceptable behavior as prescribed by work groups and, in the larger context, by society and its institutions. There are numerous examples in working and everyday life of emergent behavior and the underlying norms that cause this behavior. In the working situation, the tendency of people to establish starting and quitting times that vary from company policy or the inclination of a work group to establish a pace that is quicker or slower than required are two often-cited examples.

Outside the work situation, normative, or emergent, behavior also occurs; it can be observed in schools, institutions, and on street corners—anywhere that a group of people comes together and interacts for a period of time.

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¹ A study by Drs. Robert F. Allen and Saul Pilnick, “Confronting the Shadow Organization: How to Detect and Defeat Negative Norms” (Allen & Pilnick, 1973), discusses these forces and is a significant source of this article.

POSITIVE OR NEGATIVE NORMS

From the point of view of the organization, it could be said that norms may be of two particular natures: positive or negative. Positive norms are those that support the organization's goals and objectives and that foster behavior directed toward the achievement of these ends. Negative norms have just the opposite effect; they promote behavior that works against the organization achieving its objectives. Norms that support hard work, loyalty, quality consciousness, or concern for customer satisfaction are examples of positive norms. Negative norms are those that sanction criticism of the company, theft, absenteeism, and low levels of productivity.

Recent studies on organizational norms indicate that they can be broken into categories and that certain types or clusters of positive or negative norms can exist in a given work situation.

Organizational and Personal Pride. Norms in this category are associated with and influence the feeling of identification and pride the individual has with his or her organization. Norms of a positive nature lead the person to see the organization as his or her organization. Negative norms are reflected in a we-they attitude toward the organization and its goals.

Performance/Excellence. This category of norms is associated with behavior that strives toward either quality and productivity or acceptance of mediocrity. Negative norms are reflected in an acceptance of "good enough," whereas positive norms promote improvement over past performance.

Teamwork/Communication. These norms are reflected in cooperation and in individuals working together. Negative norms foster individuality, secrecy, and the belief that success is achieved by an attitude of "every man for himself." Positive norms promote sharing of information and working together for common goals.

Leadership/Supervision. Norms of leadership are ones that promote or detract from the effectiveness of supervision. Negative norms lead to supervisors assuming the role of policemen and checking on subordinates. Positive norms result in supervisors assuming the role of helpers, trainers, and developers of subordinates.

Profitability/Cost Effectiveness. This group of norms determines people's behavior with respect to profit and cost consciousness. Positive norms encourage people to save money and reduce costs; negative norms foster a lack of concern for bottom-line performance.

Colleague and Associate Relations. Norms in this category determine the quality of relationships that exist between people. Positive norms lead to strong interpersonal relationships. Negative norms lead to individualistic behavior and a nonsupportive climate.

Customer Relations. Norms in this group result in individual's behavior that affects the manner in which a customer is served. Positive norms are directed toward

maximizing customer satisfaction. Negative norms lead to viewing the customer as an obstacle to be avoided.

Innovativeness and Creativity. This group of norms determines to a large degree whether original and creative behavior is supported and encouraged. Positive norms lead to the stimulation of new ideas and to change. Negative norms support the status quo and discourage experimentation.

Training and Development. Positive norms in this group encourage training and view development as an essential part of the ongoing operation of the enterprise. Negative norms treat development as a nonessential, nice-to-do, but not critical aspect of the operation.

Candor and Openness. This group of norms determines the degree of freedom in which communication can take place both vertically and horizontally. Positive norms indicate a high degree of trust and lead to open communication. Negative norms result in a closed and guarded attitude in interpersonal communication.

Once it is recognized that norms exist, that they can be either positive (supportive of organizational goals) or negative (incongruent with organizational goals) and that they can be categorized, there is some burden on organizations to measure their norms and develop what is called a “normative profile.” In effect, this normative profile is a statement of the strengths and weaknesses of the organization on a behavioral level. Given an understanding of the impact these strengths and weaknesses might have on the ability of the organization to achieve its goals, improvement programs can then be undertaken. Improvement programs should be directed toward changing work-group norms rather than individual behavior, as is so often the case with development programs in organizations. Once the norms are changed, a change in behavior will follow.

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■ THE SYSTEMS VIEW OF ORGANIZATIONS: DYNAMICS OF ORGANIZATIONAL CHANGE

Peter R. Luciano

The implementation of change in organizations is sometimes met with resistance and defensiveness, often resulting in less than optimal outcomes. The overexpenditure of human, economic, and technical resources in implementing planned organizational change may often be traced to improper or incomplete planning. The fields of management science and organization development have developed numerous planning techniques and strategies that force management to consider the outcomes, methods, and resources related to planned change. However, results often fall short of or seem unrelated to those expected. At worst, the change may result in what Forrester (1971) calls counterintuitive behavior—the reverse of the desired effect. In considering the outcomes of change, many current planning methodologies lack a dimension that allows for the anticipation of unexpected results.

THE SYSTEMS VIEW

A view of organizations that suggests an approach that can eventually lead to a better understanding of the impact of change and a more accurate estimate of outcomes is the systems view. Used in concert with any of the existing planning methods, the systems approach presents a model for considering the impact that change will have throughout the entire organization and therefore assists in planning and implementation. The systems view is a way of thinking about the job of management by considering the organization as an *integrated whole* made up of *interacting parts*.

Attempts to consider the impact of change often fall short when the organization is considered in terms of its structural parts such as marketing, production, research and development, etc. This myopic look at the organization does not allow for the anticipation of results in other areas, or subsystems, within the organization. The systems view of organizations provides a framework (Figure 1) for looking at the organization as a whole in terms of process-related subsystems. Each subsystem in the organization is separate and definable, but it is also interrelated and interdependent. These subsystems are common to all organizations, from the local bridge club to the multinational conglomerate corporation.

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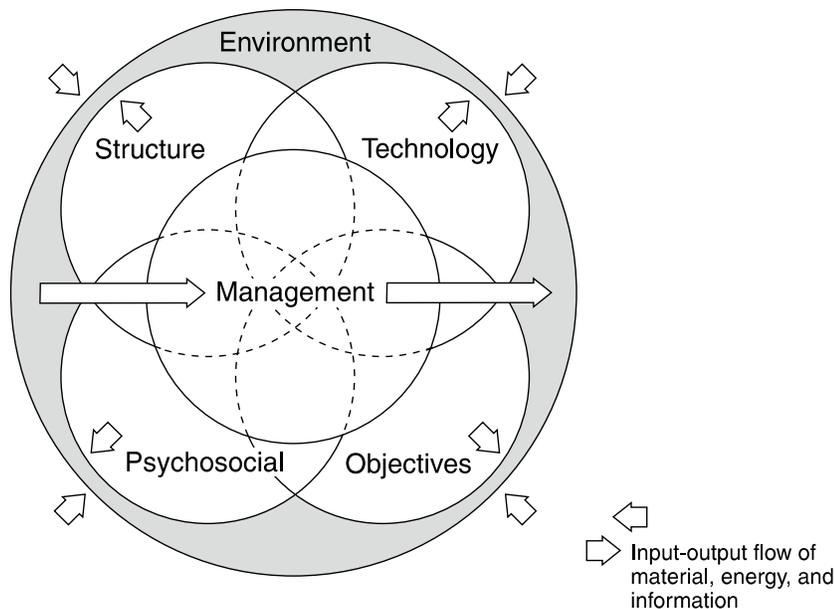


Figure 1. The Organizational System¹

Environmental Subsystem

All organizations exist in an environment. The environmental subsystem represents everything external to the organization. If the organization is a manufacturing firm, then everything external to that firm is the environmental subsystem. If the organization is the sales department of the same manufacturing firm, then everything external to the sales department, including other departments and the firm itself, is part of the environmental subsystem. In an open system, inputs or resources (money, materials, information) are provided by the environment, which in turn receives outputs (products and services) from the organization. Simplistically stated, if outputs satisfy the environment, inputs will continue and the organization will remain open. There are some portions of the environment that may have little effect on the organization, e.g., the crime rate in large cities. However, other portions, e.g., the state of the economy or local zoning laws, can and do influence the organization. Conversely, the organization impacts or has the ability to change the environment to varying degrees.

Psychosocial Subsystem

The environment acts on all subsystems within the organization, and especially on the psychosocial subsystem. The psychosocial subsystem considers and is made up of individuals (psycho) and groups of individuals (social) within the organization. In this subsystem are included individual values, attitudes, motivation, morale, and personal behavior. Also included are relationships with others and interpersonal issues such as

¹ From *Contingency Views of Organization and Management* by Fremont E. Kast and James E. Rosenzweig. © 1973, Science Research Associates, Inc. Adapted by permission of the publisher. For a somewhat similar model, see French and Bell (1973).

trust, openness, group dynamics, conflict, etc., which ultimately help or hinder the organization in its effort to strive toward a common goal. The systems view is phenomenological in that it presupposes that if all individuals and groups in an organization are operating optimally, the organization in turn will operate at its optimum level.

Structural Subsystem

Many social groups alter their authority structure without much harm to their effectiveness. The photography club may or may not have a vice president because the need for a rigid structure is not great. Such groups may even benefit from frequent restructuring to meet the changing demands of members. Large organizations, however, must, for the sake of stability, have a more permanent structure with definite lines of authority and responsibility. When these lines of authority are put down on paper they form a diagram of the *formal structure* of the organization. However, every organization has another form of structure: what *should be* its structure or what really is its structure—its *informal* structure. The informal structure consists of such things as emergent leaders, power politics, assumed authority, etc., that exist in organizations separate and apart from what the formal structure depicts. For example, in the formal structure of a family, the parents may occupy the head roles and the children subservient roles. However, during the two-year-old's temper tantrum, the real authority and power may lie with him or her. In the informal structure of an organization, the most influential person may also, in a particular case, not be the formally designated leader.

Objectives Subsystem

People are organized to do specific things in an organization. These objectives or goals are established by the organization and serve to accomplish its overall mission in society. When the mission is broken into attainable short-range targets, they are called objectives and constitute the objectives subsystem. In essence this subsystem is made up of the tasks individuals must accomplish to meet the objectives that serve to satisfy the organizational mission. Clearly established and prioritized objectives help to motivate organizational members and reduce the number of meaningless activities. For this reason, increased emphasis is being placed on this subsystem through such methods as management by objectives.

Technological Subsystem

People cannot reach organizational objectives without employing some methodologies, training, tools, and techniques for doing so. The means and methods people use to get the job done are called technology. In its narrowest sense, technology is the machinery, the physical things used. The typist has a typewriter, the driver a truck, the pianist a piano. But in its truest sense, the technological subsystem in an organization includes the way the tools are employed and how things get accomplished. The typist uses a

particular technique, the touch method, along with the tool, the typewriter. Techniques are procedures developed from knowledge about and experience of the best ways to do a job at any particular point. Thus the standard operating procedure establishes how a job is to be done and is part of the technological subsystem.

Managerial Subsystem

Every organization has a subsystem that organizes and controls the other subsystems, causing them to interact and resulting in the increased effectiveness of the total organization. It is hard not to personalize the managerial subsystem and translate it into the boss or group of bosses in an organization. While this interpretation is true in an organizational sense, this subsystem, which integrates all other subsystems and represents the controlling influence within the organization, needs more than just a personality to effect integration. It needs such things as power, authority, decision making, coordination, etc. The managerial subsystem spreads through many layers of the organization and is not only important but complex. In the title words of a popular management book, *Every Employee [is] a Manager* (Myers, 1970). Wherever authority and power are being exercised, resources are affected, or someone is directing people in their efforts toward a common goal, that process is representative of the managerial subsystem.

IMPLICATIONS FOR CHANGE

There is considerable uncertainty in planning organizational change, and management cannot totally measure the consequences of its own actions. Some variables are ill defined, some unidentified, and some uncontrollable. Awareness of this uncertainty is a step in the right direction, but the systems view can help clarify outcomes and avert adverse consequences.

When the organization is considered in terms of its subsystems, it becomes evident that it is virtually impossible to make changes in one subsystem without causing changes, intentional or unintentional, in the other subsystems. Changes are often planned and implemented within the narrow scope of one of the subsystems. It is the unintentional or unanticipated impact beyond the subsystem that often is the undoing of a well-meaning, goal-directed change. For example, in recent years numerous organizations have made significant changes in the technological subsystem through the introduction of automation. Time and time again, computers (tools) and their inherent software (techniques) have been introduced into organizations with less than satisfactory results. The reason may lie in the planning stage, when management failed to consider the impact that computerization would have throughout the entire organization (other subsystems).

In this example, the impact on the psychosocial subsystem is significant. Some people feel their jobs are threatened and, therefore, their wants, needs, and desires thwarted. Perceptions of depersonalization may exist. These and other psychosocial

impacts may result in something less than support and acceptance of automation and, in extreme cases, sabotage.

The inherent reorganization, including the creation of new departments, that comes with automation changes the formal structure. Within the structural subsystem, informal structure probably is altered too. At times, automation results in increased or different tasks and objectives. Thus, because of increased capabilities, amended goals, or new procedures, the objectives subsystem is also changed. And finally, automation often results in an alteration of the managerial subsystem or the way the organization is controlled and directed, its resources managed and allocated, and its decisions made.

Using this example of a technological subsystem change (automation), it is easy to see that a change in any one subsystem has a ripple effect throughout the entire organization. The change contemplated by management does not have to be as major as the wide-scale introduction of an automated system for the effects to be felt throughout the entire system. Nor does the change have to occur in the technological subsystem. A change, major or minor, made in any subsystem will have an impact of varying degrees in every subsystem throughout the entire organization. It is the anticipation of this effect and the consideration of ways to create a favorable impact that is the key to successful planned change.

The incorporation of the systems view of organizations into the planning phase of organizational change will afford management a broader view of the expected outcomes. Additionally, by thinking through the impact probable in each of the subsystems, the planners of change may see other possibilities and considerations not seen before. The systems view of organizations is in itself not a planning strategy nor does it predict outcomes or results. It is a way of looking at the organization as an integrated whole that is made up of interrelated, interacting parts. By asking what impact a particular change may have on all systems (environment, people, structure, objectives, technology, and management), it is possible to be more aware of, and thus prepared to manage, the negative aspects of change, as well as to take advantage of the strengths inherent in the organization.

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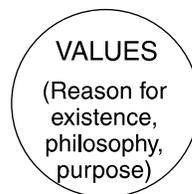
■ THE ORGANIZATIONAL UNIVERSE

John E. Jones

Most human organizations are complex; they consist of individuals, informal and/or formal groups, divisions, and so on. They have operational characteristics, implicit or explicit objectives and philosophies, and various levels of morale. In addition, they function within settings that sometimes contain conflicting pressures. It is necessary to separate and identify the systems that constitute the organization before one can choose what to observe and where to place emphasis in managing change within the organization. The Organizational Universe model¹ provides a basis for looking through the whole to those structures and processes that need to be monitored before change can be managed effectively.

VALUES

At the core of any human organization is a set of values, an underlying philosophy that defines the reason for the existence of the organization, the purpose for which it is established. So long as there is consensus on values among persons in positions of power and influence within the organization, the work activity is likely to be marked by cooperation and coordination. Priorities are generally obvious, because the commitment to a commonly held set of values usually motivates people to work together in flexible ways.



Unfortunately, the values on which the organization was originally based frequently become lost in the shuffle of everyday work. One nonprofit association was created to provide low-cost insurance for members of a religious group. When it began to amass profits, it provided grants to the religious group for various projects. Its function then was changed; it became a political force within the system it was founded to serve.

¹ An earlier version of this model was developed with Anthony J. Reilly at a Pfeiffer & Company workshop on organization development skills.

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Other nonprofit organizations may find that obtaining funding has attained a higher priority than providing service.

Organizational values affect purpose and management philosophy. When these values are not held in common, the lack of consensus creates a tension that can preclude organizational effectiveness. Managers may engage in empire building in order to further their careers at the expense of the coordinated functioning of the entire system. Thus, managers may need to consider values that are internal to the organization in addition to the traditional ones of making a profit and/or providing quality services. These internal organizational values include:

Cooperation	Functional impersonal conflict
Strategic openness	Acceptance of interdependence
Achievement of objectives	Respect and dignity in the
Clarity	treatment of people
Acceptance of responsibility	Commitment to studying the
Thoroughness	functioning of human systems
Systematic problem solving	Expressions of feelings as well as
Confrontation	points of view
Providing and soliciting	Autonomy for individuals and groups
feedback	<i>Pro</i> action, rather than <i>re</i> action
Concreteness	Experimentation
Authenticity	

Factors that affect organizational values are often covert and difficult to manage. Influential insiders and the prevailing reward system can sometimes “shape” the value system of the organization. The stability of the work force and the focus of recruitment can influence the dominant set of values adhered to by the system. Crises, successes, and failures also can lead to values shifts, as can the almost inexorable processes of hierarchy, routine, and standardization. The permeability of the organization—its susceptibility to outside intrusion—can be a determinant of the stability of its core values. The value changes that result from these factors generally lead to institutionalization, rigidity, looseness, pluralism, or chaos. Managers need to be aware of the status of the value system underlying the operation of the organization in order to ensure that at least a moderate amount of consensus exists regarding the basic purpose of the organization.

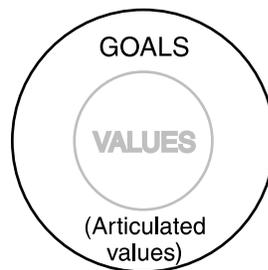
To maintain organizational values, a manager must monitor the extent to which people espouse a common set of assumptions, philosophies, and purposes, and—more importantly—must exhibit value-oriented managerial behavior. The following are some things that managers can do to focus attention on values.

1. Keep organizational values explicit whenever possible.
2. Share your own values with your subordinates.
3. Support and model commitment to organizational values.

4. Assess the “fit” between organizational values and those of workers.
5. Make value considerations a valid part of the agenda at meetings.
6. In problem solving, question values as well as facts and procedures.
7. Look for value differences (“shoulds” and “oughts”) underneath conflict situations.
8. Avoid win-lose arguments about values.
9. Update the organization’s statement of purpose.
10. Set goals that are consistent with organizational values.

GOALS

Organizational goals can be thought of as articulated values. For example, the goal statement “to increase our market share by 6 percent in the next twelve months” implies that attaining business growth is valuable. The goal “to develop and publicize a family-counseling service by October 1” similarly may imply a value placed on expansion. Goals, then, are operational statements of underlying values.



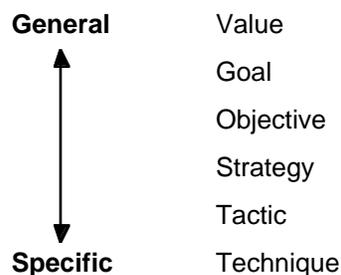
Perhaps the most common organizational failings are in the areas of goals, roles, and communication. The latter two are both affected adversely by a lack of commitment to common goals. Lack of clarity with regard to goals can lead to disorganization, inefficiency, and ineffectiveness.

The goal-setting process needs to be made explicit whenever possible, and members of the organization need to be part of the process if they are expected to be committed to its outcomes. The managerial implication is to pay attention to participation in goal setting. Meaningful participation leads to a sense of involvement; this evokes a feeling of influence that generates psychological ownership, which leads to *commitment*. There is no shortcut to commitment; it evolves within individuals as a result of their perception of themselves as influential.

Objectives are goals that have been made more specific. For example, the goal “to improve the order-processing system” may generate several objectives such as “in the next quarter, to reduce the data-processing time on an average order by thirty seconds.” When objectives are highly specific, they can be monitored more easily, but the

individuals who implement them may lose sight of and commitment to the overall goal and value perspectives beneath them. Management by objectives (MBO) programs fail more often than they succeed, usually for a combination of reasons: (a) they are imposed; (b) they inadvertently encourage individual objectives at the expense of group and system aims; (c) the initial enthusiasm for the program is not maintained; (d) the goal-setting process does not extend to lower level employees; (e) people work on the more visible objectives; and (f) the programs are poorly implemented. As McConkie (1979, p. 472) concludes from an extensive review of evidence regarding MBO, “Properly implemented and maintained, MBO will do what it is designed to do. It is the practice, not the theory, of MBO that is frequently faulty The most serious faults in MBO applications center around inadequate training for those implementing MBO and the lack of follow-up.”

In managing change it is important to relate desired outcomes both to organizational values and to the means available for attaining objectives. It may be useful to think about organizational change as having implications that range along a continuum from general to specific:



Managers must foster consciousness of the interrelationship between all these aspects of change if those persons who implement change are to have a proper perspective.

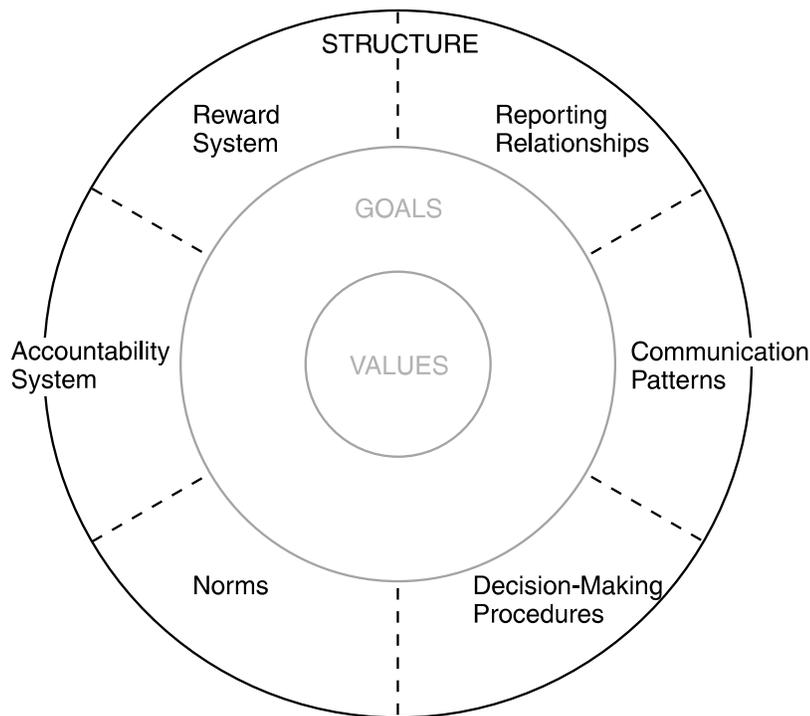
The major managerial implications of this approach are:

1. Provide training in goal and objective setting for all personnel.
2. Model the process. (One school superintendent initiated an MBO process for school principals by making a large poster of her objectives and displaying it in her reception area. People began to see its value and asked for assistance in setting objectives for themselves.)
3. Create mechanisms by which all employees participate in goal setting.
4. Advocate organizational values during goal setting.
5. Assess the clarity of goals in all work-oriented encounters.
6. Test commitment to organizational goals.

Because individual goals often override organizational ones, it is incumbent on leaders to make certain that the objectives of the system reflect both the wants of the organization and the needs of its members.

STRUCTURE

Most people think of the organizational chart when they consider structure, but there are many other structures and systems within an organization in addition to the reporting relationships. In establishing an organization, one must consider not only its purpose and philosophy (values) and aims (goals) but also how those goals will be implemented or made operational. One must establish a system of boss-subordinate relationships, methods of communication, procedures for making decisions and solving system problems, rules or guidelines for the conduct of organization members, ways of accounting for the outcomes of the organization's behavior, and a system for rewarding goal attainment. All these systems constitute the organization's structure.



Each of the six major aspects of the structure of the organization begins as a formal system, but its operation almost inevitably generates a parallel informal system. Often these informal systems become more powerful in shaping behavior than the formal systems that spawned them. Reporting relationships comprise a formal system of status and authority (a hierarchy or a matrix, for example). Everyone knows, however, that there is often discrepancy between the organizational chart and the dispersion of power within the system. A chart showing the relative power and influence of individuals by means of different size boxes would reveal the potency of the informal system.

Most formal communication systems within organizations create more problems than they solve. Typical systems are meetings, reports, management-information systems, memoranda, and publications. Organization development practitioners have learned to be particularly alert to difficulties in this aspect of organizational structure

because so many people problems relate to failures to communicate effectively. The fault usually is that the formal systems create communication patterns that are top-down, one-way, document-focused (as opposed to being focused on the transfer of meaning), unclear, and subject to competing interpretations. Therefore, an informal system arises in the forms of rumors, in-group sharing, speculation, and networks. These ways of obtaining and disseminating information are coping mechanisms; they encourage the tendency to screen information to serve individual needs. Much miscommunication within organizations stems from the tension between the formal and informal systems. Disaffected and alienated organization members will believe rumors or gossip more readily than official pronouncements.

The decision-making procedures within the organizational structure are the formal and informal ways that problems are solved within the system. Often there are regulations and precedents that govern how choices are to be made within the organization. For example, a supervisor believes that the overtime policy is unfair and ineffective. The formal decision-making policies dictate how that supervisor is *supposed to* initiate a reconsideration of the policy and how his or her request is *supposed to be* handled. Since these formal procedures are often frustrating to individuals, informal ways to influence decisions are developed. Individuals resort to political behavior in order to obtain decisions that are satisfactory to them, and tension develops between the formal and informal systems. For example, the existence of an “old-boy network” that systematically excludes some classes of people (notably women and minorities) from participation in decision making invites the development of a competing formal system. This often results in a lose-lose situation, and organizational problem solving suffers as a result.

Norms are expected behaviors. They are both formal and informal, and often the informal ones are the more powerful. Formal norms are explicit rules of conduct, governing such things as eating or smoking in offices, punctuality in reporting for work, safety, dress codes, etc.; informal norms (e.g., politeness, collusion not to confront each other, deference to authority, working for no pay on Saturday, etc.) are developed within a peer-influence system. In consciously creating formal norms, managers can expect resistance that may produce more potent informal interpersonal expectations. For example, in one unit of the United States Navy the officers attempted to enforce a strict code regarding facial hair; the men retaliated by agreeing among themselves to begin wearing nonregulation black shoes.

The formal accountability system usually consists of the annual performance review, methods for measuring results of the behavior of individuals and groups, and a financial accounting model. Unfortunately, informal accountability systems also appear. Managers may hold individuals personally accountable for certain outcomes or may hold a given department responsible for a while. Formal methods of accountability usually suffer from problems of measurement (as in education) and inadequate confrontation. Consequently, in some organizations there are many places to hide, and people collude not to confront incompetence. Instead of demoting or firing a loyal

employee who has been over-promoted, an organization may create a new position: vice president for rare events. An organization cannot withhold evaluative feedback, both positive and negative, and expect individual and group effectiveness in the absence of accountability.

The reward system is probably the most powerful determinant of individual and group behavior. Formal rewards usually include compensation, benefits (“perks”), and recognition programs (e.g., “employee of the month”). Informal rewards are often motivating factors, however. Such rewards as having a private office with more than one window, getting more salaried lines on one’s budget, and being recognized in a meeting of an important group are very influential in shaping the behavior of individuals and groups. Expectancy theory (Nadler & Lawler, 1980) states that people will behave in ways that they expect will produce outcomes that they value. The pay system may have less saliency for some individuals than the opportunity for promotion, recognition for a job well done, or the broadening of one’s task responsibilities.

The organization structure consists of interdependent systems, each of which has both formal and informal components. This is the proper locus of organizational change, since it is the operating core of the organizational universe. Problems that arise among the units of the organization can be traced to deficiencies in these six systems. Vertical intergroup problems (e.g., top versus middle management) often stem from difficulties in reporting relationships and communication patterns. Horizontal intergroup conflict (e.g., manufacturing versus warehousing shipping) can arise when there are ineffective accountability and reward systems. When decision-making procedures and norms are detrimental to specific classes of people, diagonal intergroup relations (e.g., black-white, male-female) became strained. Managers must not only monitor the effectiveness of all aspects of the structure but must also assess their joint effects. Some guidelines to this approach are:

1. Study how power is distributed within the organization. (One method is to use the PODIA instrument [Sashkin & Jones, 1979].)
2. Institute critiques of process in all meetings. (How are we doing in this meeting?)
3. Set up feedback loops so that information flows up the organization as well as down.
4. Establish procedures for correcting the deleterious effects of rumors. (For example, in a crisis, create a rumor control center to provide accurate information.)
5. Experiment with consultative and consensus methods of decision making.
6. Conduct an assessment and diagnosis of organizational norms. (See, for example, the Organizational Norms Opinionnaire [Alexander, 1978].)
7. Provide training for managers in conducting performance reviews. (See, for example, Maier’s [1976] interview-skills course.)

8. Confront inadequate performance in a problem-solving way.
9. Develop employee participation in evaluating the pay-and-benefits system.
10. Look for informal ways to reward individuals.
11. Schedule team-building sessions for groups that are in conflict with each other before staging an intergroup confrontation.

Managing the structure of the organization requires diligence, because it is the essential core of the system and also because so many of its aspects are covert. This requires a commitment to continuous assessment of the organization.

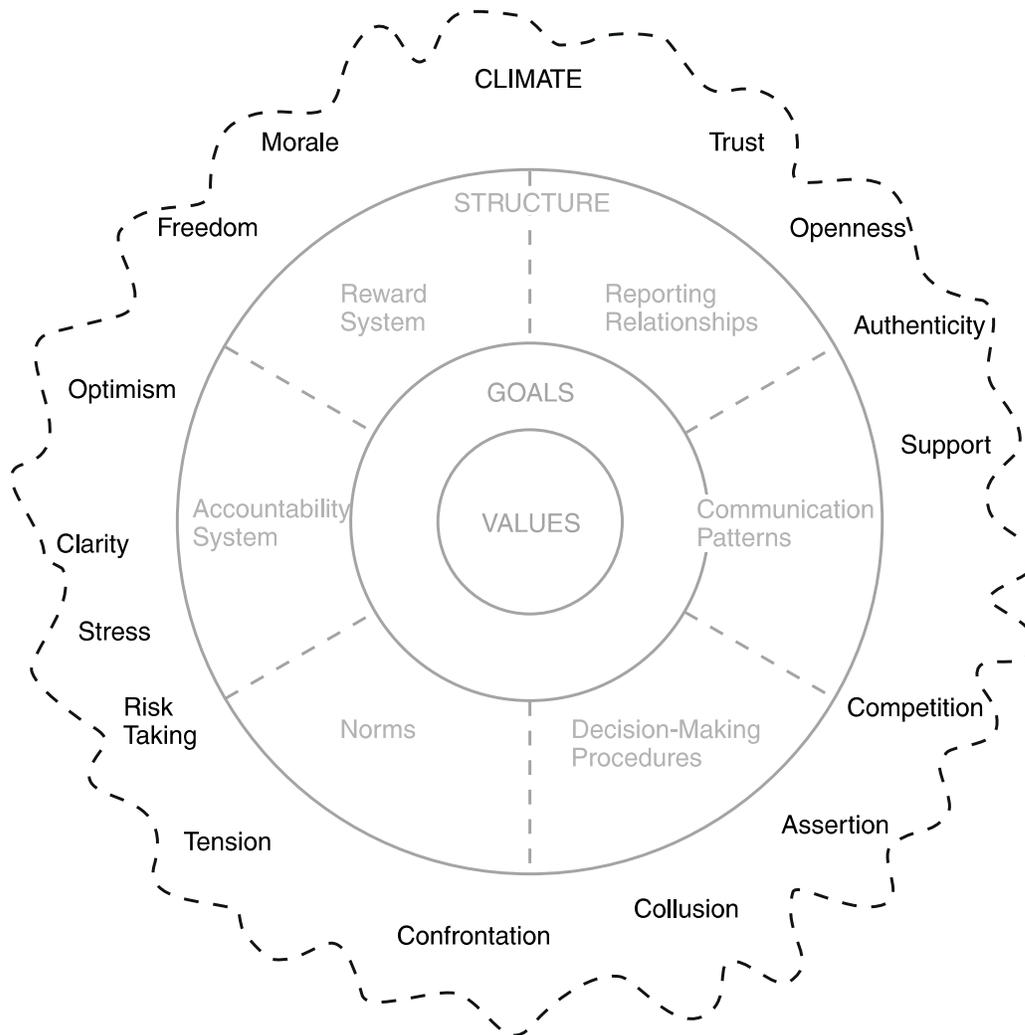
CLIMATE

The functioning of the organizational structure creates an emotional “wash.” The climate of the organization is the psychological atmosphere that results from and surrounds the operation of the structure; consequently, it is both a result of and a determinant of the behavior of individuals and groups within the structure. Gibb (1978) emphasizes the assessment of the organization’s trust level as a beginning point in managing change. Others emphasize different aspects of the climate, such as morale or stress. But although elaborate techniques have been developed to survey employee attitudes, the explanation of job satisfaction remains elusive.

It is important for managers to recognize that the organizational climate and the attitudes of others cannot be controlled or changed directly. Attitudes can be thought of as rationalizations for behavior; if you change the behavior (through the reward system, for example), the attitudes will ultimately “catch up.” Problems in the organizational climate are likely to have roots in the structure. Consequently, organizational improvements are targeted within the structure. To improve the climate, one must make changes in the ways work gets done. For example, talking about trust does not generate trust and may produce the opposite. Trust results from achieving success in shoulder-to-shoulder work toward common goals. The primary action steps indicated by this approach to managing organizational climate are:

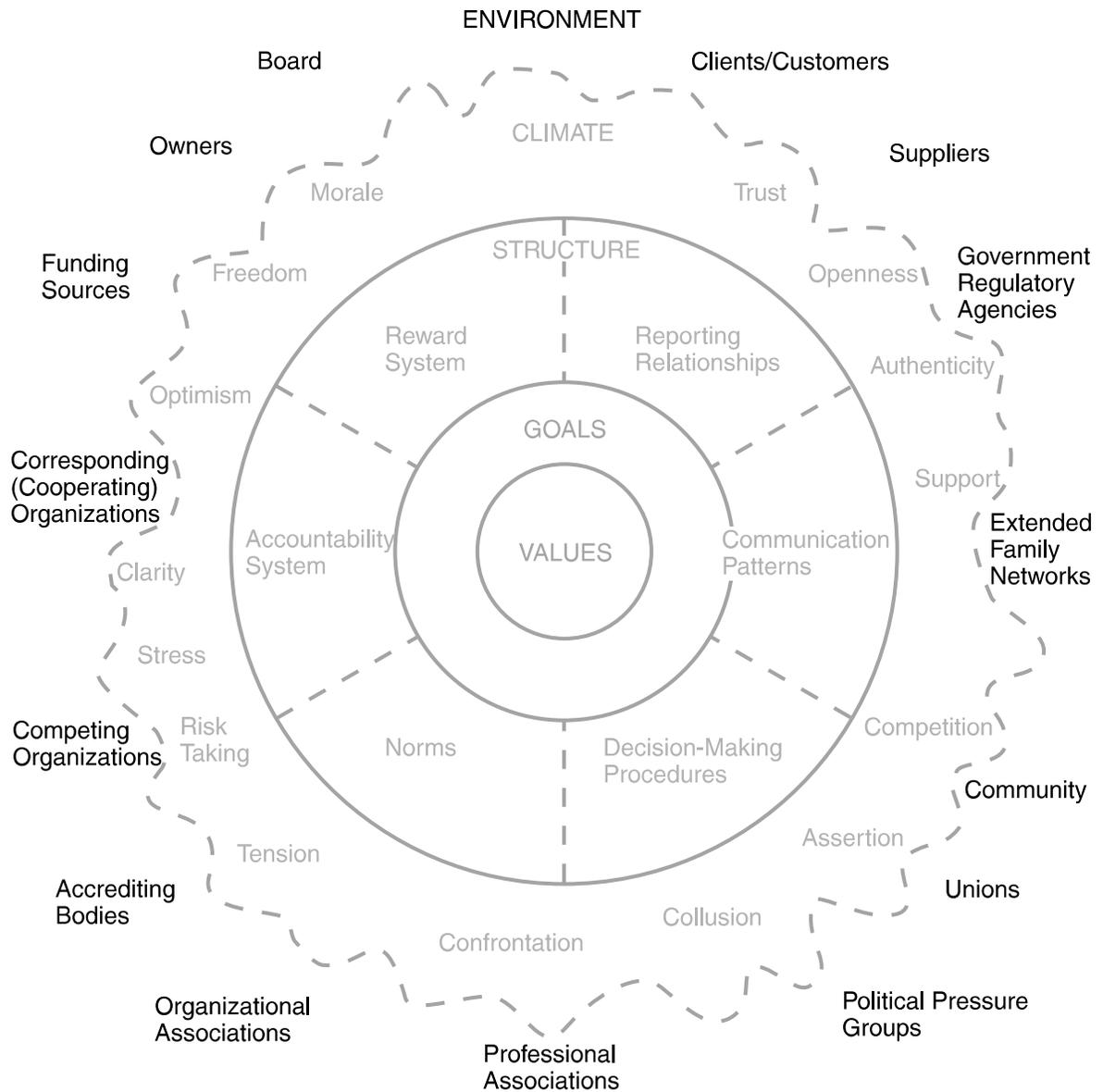
1. Monitor attitudes and morale as well as organizational functioning.
2. Focus on problem identification and problem solving in:
 - a. Reporting relationships (role expectations, reorganization);
 - b. Communication patterns (especially in meetings; try outlawing memos);
 - c. Decision-making procedures (initiate more consultation with subordinates; experiment with consensus seeking in meetings);
 - d. Norms (rules, pressures for group conformity);
 - e. Accountability system (put some punch into the performance review; establish criteria for success); and

- f. Reward system (initiate a multilevel task force to investigate salary administration; publish criteria for promotions and transfers).



3. Include the disaffected as well as those who are satisfied when diagnosing the causes of climate problems.
4. Push for visible results.

The organizational climate can produce a drag on the productivity and goal attainment of the system. Managers need to be sensitive to the effects of their behavior on the climate, and they should examine the structure to find ways to ameliorate conditions.



ENVIRONMENT

The organization exists in a milieu with which it must interact in order to accomplish its goals. Although this environment is somewhat different for each organization, organizations share some global considerations; e.g., the availability of energy affects almost all human organizations. We tend to think of organizations as closed systems, but they are all open in the sense that each has a permeable boundary. In the organizational universe model this characteristic of permeability is depicted by the uneven line surrounding the climate dimension.

Satisfactory transactions with the environment require that the internal structure be flexible enough to cope with the unexpected. If the organization becomes excessively bureaucratic, its members become more oriented to internal rather than external realities.

Consequently, they may lose their sensitivity to the environment, and the organization may become vulnerable. The reverse situation—in which forces in the environment are permitted to upset internal priorities—promotes disorganization. For example, a consulting firm may embrace the dictum “the client is king.” The problem is that any client could create havoc within the system at any time, and the resultant scramble could affect schedules, priorities, and innumerable other operations.

Organizations in the U.S. culture have become increasingly permeable. The intrusions, in some cases, have affected the core values around which organizations have been built. Governmental regulations dealing with safety standards and with creating job and promotion opportunities for women and minorities have struck at the heart of many organizations. A system created to manufacture widgets does not necessarily function with similar effectiveness when it is asked to solve social problems. It may respond with resentment, resistance, and minimum compliance. The organization is, in effect, being told: “You are no longer only in the business of making products for a profit; you now have to make a contribution to the improvement of the community.” In legal terms, this represents a “piercing of the corporate veil”; it requires the organization to shift its values, philosophy, and purpose.

The organizational boundary often is ambiguous. Just as there are degrees of being “inside,” there are degrees of being “outside” as well, because most individuals are members of more than one organization. Family and political ties can contaminate the workings of the organizational structure, for better or for worse. In addition, what is a primary environment for one organization may be a secondary one for another. The larger, macroeconomic environment that impinges on virtually all organizations is described by an increasing number of observers as turbulent (see Emery & Trist, 1978). Environmental disturbances can create challenges in almost all facets of the organization’s operations: leaders find it more difficult to manage relations with and among relevant environmental components in their areas; the organization’s niche in the marketplace becomes increasingly precarious. Some ways that managers can prepare to deal with this environmental change are:

1. Monitor the organization’s speed of response to changes in the environment.
2. Assess the costs of the degree of permeability that the organization is presently experiencing.
3. Establish clear policies regarding transactions with components of the environment.
4. Be proactive in setting goals rather than simply reacting to outside pressures.

SUMMARY

At the core of human organizations there is a set of values, a *raison d’etre*, an implicit or explicit, dynamic system of shared beliefs. When consensus about values is not maintained within the organization, members work in parallel at best and at cross-

purposes at worst. Organizational goals are best understood in terms of the values on which they are based. Objectives are targets that are extrapolated from the goals of the organization. Conflicts about goals can result from poorly articulated values; and human disorganization can be defined as a lack of functional consensus on objectives and values. The structure for implementing goals within an organization consists not only of the organizational chart but also of the *communication patterns, decision-making procedures, norms, accountability systems, and reward systems* that support and lend substance to the *reporting relationships* depicted on the chart. Within each of these six aspects of the organizational structure there is both a formal and an informal element, a technical and a social component. For example, formal rules of conduct and informal social pressures toward conformity both constitute norms. The tension between the informal social system and the formal technical system creates a psychological atmosphere that surrounds and influences work. This climate is both a result (or symptom) of the functioning structure and a mediator of the productivity of the system. Furthermore, the organization exists within a larger environment. In order to interact effectively with its environment, it must resolve the conflicting demands that are made on it from the outside and must be sufficiently integrated internally to deal effectively with such intrusion. Intervention into the organization in order to improve its functioning is best focused on its values, goals, and structure. Similarly, changes in the organizational climate follow from changes made in the ways people are treated within the structure.

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■ ORGANIZATIONAL HEALTH IN SMALL ENTERPRISES

Ralph R. Bates

Most of the literature about organization development (OD) is based on the experience and research of practitioners who have applied the theory and technology of OD in medium- to large-sized organizations. It often appears that such knowledge is not transferable to small organizations. However, smaller organizations often have leaders and managers who are knowledgeable about and skilled in OD, although they may not be able to spend large amounts of their own time or money engaged directly in OD activities. Small companies usually cannot afford full-time internal consultants or long-term external consultants. Consequently, planned change must occur in different ways using various modes of facilitation. Several OD approaches that small enterprises can adopt are not often described in the popular literature.

The model presented here is based on organizations with certain common characteristics, although the variables listed here do not comprise an exhaustive list. Generally, to the extent to which these variables exist for a small organization, the more relevant this model is. The intent of this paper is not to provide a checklist permitting complete transferability of the model to other settings, but to outline a model that may make sense to and be some help for those connected with small organizations.

DEFINING A SMALL ORGANIZATION

Small enterprises, for the purposes of this model, are those organizations, or units of larger organizations, with twenty to seventy-five employees. The small enterprise is conducting business, making products, or providing services in a volatile environment, that is, external forces impact frequently and uncontrollably on the internal environment (Jones & Reilly, 1981). Such things as government regulations, competition, changing technology, and funding sources permeate the boundaries of the organization and alter decisions, plans, or projections. Ambiguity and uncertainty about the future are ever present. Organizational leaders are keenly aware of and responsive to external conditions, although not always able to adjust quickly or to avoid adverse impact on their organizations. Leaders and key managers are opportunists, pragmatists, and entrepreneurs driven by a need to survive. They require great flexibility to plan, and longterm planned change seems almost impossible.

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The organization's mission and purpose often tend to be articulated vaguely, which causes employees to be confused at times about its direction. Goals are unclear and seem to shift depending on circumstances and opportunities. The clearest organizational focus is on surviving, while providing a broad range of services to stay in business. Financial resources are a constant source of concern and debate. Income fluctuates depending on short- or long-term contracts for goods or services. Volume tends to increase threefold over a three-year period. Staff frequently also triples, and human resources are a mixture of skills and academic qualifications, but probably not oriented toward "high technology." Managers and professional staff have the most influence on change, rather than nonprofessional staff or the unions. Most employees are in their early thirties and tend to be enthusiastic and motivated.

Quite apart from the products or services they sell, many small entities fit this description. Although, the types of products or services it deals in do have an impact on the small organization's strategy for achieving and maintaining organizational health, these variables are not considered here, nor are technological aspects of the workplace or the production process. The focus of this model does include OD and behavioral and management science technology that are often not thought of as the "technology" of the workplace.

DEFINING ORGANIZATIONAL HEALTH

One element especially critical for the health of small organizations—because of the potential for community that is difficult to achieve in large groups—is *actualizing relationships*; that is, interactions between people that nurture the "whole" person, not just the person in a job role. The growth of individuals as skilled workers and more self-actualized individuals is important and is supported in a healthy workplace. Training in a healthy atmosphere is not just performance and task oriented but extends to people's career goals and lives outside the organization. People are interested in others' nonwork concerns; relationships tend toward joint problem solving, coaching, and self-responsibility and away from commiserating and rescuing.

Another element common to healthy organizations is *job satisfaction*. People are challenged but not overwhelmed; they receive recognition from others; and they value their own efforts. Workers are satisfied that they are rewarded fairly. Elements such as task variety, role negotiability, upward mobility, responsibility, appropriate and fair supervision, and the ability to influence and participate in change are all present.

Profitability must also be good to maintain organizational health. Recurring losses create a climate of concern, tension, and fear. Scapegoats are sought, top management worries about job stability, those in lower-level jobs fear layoffs, and the atmosphere is filled with uncertainty. Recurring profits create optimism, a "can-do" attitude, and a more relaxed atmosphere. Typically, education and training are valued in profitable times. Promotions and generous raises are more frequent. People allow time to plan, to

organize, and to dream of the future. Risks are taken, and there is more room for creativity and synergistic behavior.

Finally, people in a healthy system believe that they are providing *good quality products and services*. Enthusiasm for high quality is shared, and high standards are set and reinforced through the formal and informal appraisal system. People are held accountable for the quality of their work. Clients and customers give positive feedback on the quality of goods or services. Both internally and externally, products and services must be seen as meeting high standards in order to have an impact on decision making and planning. One without the other does not contribute to organizational health.

KEY VARIABLES PROMOTING HEALTH

For small organizations to be healthy, eight variables must be attended to over time: *leadership, values, staff selection, rewards, norms, roles, decision making, and communication*. These represent interdependent internal variables that are interrelated with the external environment, that is, affected by the marketplace, government regulations, boards of directors, etc. No one variable by itself can affect organizational health positively, although the absence of key elements will have a negative impact.

Leadership

For small organizations, leadership is the key dimension of organizational health. Because of the leader's visibility and potential for frequent interaction with a large percentage of the work force, the opportunity for positive or negative impact is great. Whether he or she intends to do so or not, the leader models behavior for the rest of the organization. What the behavior is, how it affects others, and how people cope with its impact are important dynamics of any small organization. It is important that the leader recognize the impact his or her behavior (either through direct interaction or through observation) has on others. This phenomenon must be legitimized so that it can be used positively. Either direct or indirect confrontation of the leader's behavior must be allowed. Either the leader must be willing to be confronted by the person the behavior affected or the employee must be coached on how to cope with or understand the leader's behavior. The leader must be accessible on both a personal and a task level. Being sensitive and responsive to both work and nonwork interactions is more crucial for organizational health in smaller settings.

Finally, the principal leader or a designated top manager must take the responsibility to be the facilitator of and advocate for organizational health. With top-level support, considerable promotion, and maintenance, organizational health will occur. Although long-term, planned change may seem nearly impossible for organizations operating in a volatile environment, the commitment of top management is adequate when coupled with the elements described in the following paragraphs. If the role of advocate is designated to another manager, that person must be a part of both formal and informal decision-making processes within the organization.

Values

Values underlying the mission or purpose of a small organization and of the work itself are set mostly by the leadership. However, because the organization is small and its work is not likely to be as diverse, the value base of the leaders is likely to affect people throughout the system. Also, it will be more obvious whether or not individually held values agree with those of the organization. If these assumptions are true, then the task of making organizational behavior consistent with values becomes a high priority. Otherwise, managing the consequences will take energy, time, and money. For example, if a core value is the fair and humane treatment of people, the unfair administration of raise and promotion policies becomes an issue sooner than it would in large organizations. Or if cooperation is highly valued, the impact of conflict on the system will be greater in relative terms than when an organization is large and conflict can be covered up or go unnoticed.

Staff Selection

The selection of staff is of high priority for all organizations, but especially in smaller ones. Employees must be chosen who not only have the requisite skills to perform well but also have the potential for establishing good relationships with peers, subordinates, and supervisors. Values, norms, and personality, as well as job or technical skills, are important. The challenge is for management to account for differences and, at the same time, avoid hiring the perfect match or clone, which destroys the diversity and individuality that lead to a challenging, dynamic atmosphere. Because one person can have a very negative (or positive) impact on everyone else in the system, hiring must be done to suit both the job and the whole system.

Rewards

Rewards are difficult to define because they depend on the perceptions of the recipients and the perceptions differ according to the size of the organization. Large organizations tend to conceive of rewards in traditional terms: pay, fringe benefits, bonuses, promotions, etc. Small organizations need to pay attention to psychosocial rewards as well. Such things as flextime, affiliation with leaders, association with “good” people, recognition through timely feedback, work that has a higher purpose or meaning, fair treatment, being treated as responsible adults, etc., are considered to be psychosocial rewards.

Curiously, these rewards come to be expected in small organizations, yet hardly ever merit the formal attention of management. The impact on climate is great because everyone can compare notes and observe who has the largest share of psychosocial rewards. People inside the system will note every inequity, but people entering the system for the first time from a “traditional” system will feel liberated and ecstatic. Thus, managers and leaders of small entities must introduce various psychosocial rewards into the system and be wise and thoughtful about their use.

Norms

Leaders and managers of small organizations play a large role in setting and maintaining organizational norms. Because they are conducting business in a volatile and changing environment, it is vital that they foster positive rather than punitive norms. Creativity, innovation, and the ability to make quick responses suffer in a punitive system. Some positive norms include support for risk taking; tolerance for differences; willingness to confront; conflict resolution; promotion of interdependence, collaboration, trust, authenticity, and openness; expectations of flexibility and fairness; and accountability at all levels.

Roles

It is a well-established maxim that roles must be clearly delineated to ensure a well-run operation. However, there is an inherent danger in this principle for organizations confronted with rapid or unpredictable change brought on by outside forces— inflexibility. To manage volatile change a flexible approach to role definition is necessary. Workers must be hired who are not rigid in their expectations; they must expect their roles to fluctuate. Especially if an organization adopts a matrix structure, roles and jobs must be restructured to fit both the needs and demands of task accomplishment and the worker's abilities and interests. Temporary work groups might be necessary, or managers may be called on to become workers led by other managers. Titles, seniority, credentials, and hierarchy may need to be set aside temporarily to achieve the best results.

Decision Making

Theoretically, participative management should fit nicely in a small organization. Unfortunately, conditions are often unstable, and response time may be too short for decisions by a group. Managers in small organizations must understand and employ a variety of decision-making approaches, depending on the situation or problem they face (Hersey & Blanchard, 1977; Maier, 1970). They also must legitimize this variety and develop employee understanding and acceptance by dealing with challenges and by clarifying the method used.

Except for institution-wide issues or problems, it is best that decision making be decentralized. This helps to avoid the emergence of a bureaucracy and the resultant slow response time, rigidity, and caution. It also achieves more meaningful clusters of influence and participation. Responsibility and accountability can be readily assigned. Better conditions exist for personal and professional growth and motivation in a small system because individuals do not have an obligation to pass the decision along to higher levels.

Communication

Small organizations are as susceptible to developing ineffective communication systems as large organizations. An added danger inherent to small entities is the illusion that communication takes place more easily. Consequently, many managers pay little attention to communication needs, assuming that information is spread around but not checking to see if it is accurate or if the right people have been informed and included.

Because so much information can be transmitted verbally, there is a tendency to let formal patterns slide. Unfortunately, this leads to the generation of *misinformation*. Meetings, memos, reports, and newsletters are just as important for a small organization as for a large one. Because not all people need or want the same information, a variety of methods to achieve a variety of communication purposes must be used. Especially in small organizations, little can be kept secret. Salaries, raises, grievances, and conflicts will eventually filter through the informal communication system. Realizing this, managers need to share almost all information, which will reduce the gossip and misunderstanding associated with secretiveness. Job satisfaction and efficiency will increase, and costs to do business will go down.

SUMMARY

Small organizations operating in an unstable environment can achieve and maintain organizational health, but the approaches and strategies they must use are different from those in large organizations. The factors of size, time available for formal OD interventions, and money affect how they must be run. The variables of leadership, values, staff selection, rewards, norms, roles, decision making, and communication are the keys to analyzing a small entity and selecting the right methods to promote organizational health. These variables are presented in the following list.

Leadership

1. Develop leaders' awareness of their power as models.
2. Develop staff awareness of the impact of leader behavior.
3. Promote the confrontation of behavior.
4. Facilitate leader accessibility.
5. Have leaders facilitate/advocate/support organizational health.

Values

6. Monitor organizational behavior in terms of leader values.

Staff Selection

7. Select staff for skills and ability to establish satisfactory relationships.

8. Have leaders consider the system-wide consequences of their staff choices.
9. Select compatible staff, but not “yes” people.

Rewards

10. Build in psychosocial rewards.
11. Be aware of how and to whom these rewards are distributed.

Norms

12. Promote positive norms to ensure creativity, innovation, and quick responses.

Roles

13. Define roles, but allow for flexibility.
14. Build the expectation of flexibility, and select staff comfortable with role changes.

Decision Making

15. Employ a variety of decision-making approaches.
16. Legitimize varied approaches among employees.
17. Decentralize most decision making.

Communication

18. Avoid thinking that smallness means good communication.
19. Adopt a mix of formal communication methods.
20. Allow open access to most information.

The absence of elements within each category of variables tends to have a greater negative impact on small organizations. Control over the variables can be achieved so long as top management supports any OD effort. If the management does not possess skills in change and implementation, a part-time internal OD consultant should be given top-management authority to facilitate the process.

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■ A CAUSAL MODEL OF ORGANIZATIONAL PERFORMANCE

W. Warner Burke and George H. Litwin

One might argue that the world does not need yet another organizational model. However, the purpose of this paper is to argue the opposite: a functional-cause-and-effect model based on sound research, theory, and organizational consulting experience can contribute both to scholarly usefulness and to a general understanding of organizations.

Organizational models that do little more than describe or depict are frustrating, both from the perspective of research about organizations and from that of consultation to organizational clients. What is needed is a model that *predicts* behavior and performance consequences, one that deals with cause (organizational conditions) and effect (resultant performance).

Some existing organizational models that are largely descriptive do stipulate certain parameters. Weisbord (1976), for example, states that the role of the leadership box in his six-box model is to coordinate the remaining five. The Nadler-Tushman (1977) model is one of congruence. These authors argue that for effectiveness, the various boxes comprising their model should be congruent with one another; for example, organizational arrangements (structure) should be congruent with organizational strategy. However, most if not all of these models are largely descriptive, with limited, if any, causal features.

It is true that contingency models of organizations (Lawrence & Lorsch, 1969; Burns & Stalker, 1961) do have certain causal aspects. Organizational effectiveness is, in part, contingent on the degree of match between the organization's external environment (whether static or dynamic) and the organization's internal structure (either mechanistic or organic). But contingency models tend to present too many contingencies and few, if any, methods for sorting out their interrelationships.

In contrast, the subject of this article, the Burke-Litwin model, is more than merely descriptive and congruent; it serves as a guide not only for organizational diagnosis but also for planned, managed organizational change.

Two primary risks were inherent in developing this causal model of organizational performance. First, "what causes what" could ultimately be wrong (although substantive theory and some research evidence have been encouraging). Second, narrowing the choices of causal factors might ignore some significant organizational variables.

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The concepts of organizational climate and culture and a description of the Burke-Litwin model will be described next, including suggestions for ways to use the model and some preliminary research support.

BACKGROUND: CLIMATE AND CULTURE

Climate

The original thinking underlying the model presented here came from George Litwin and others during the 1960s. In 1967 the Harvard Business School sponsored a conference on organizational climate. Results of this conference were subsequently published in two books (Litwin & Stringer, 1968; Tagiuri & Litwin, 1968). The concept of organizational climate that emerged from this series of studies and papers was that of a psychological state strongly affected by organizational conditions, such as systems, structure, and managerial behavior. In their theory paper, Tagiuri and Litwin (1968) emphasized that there could be no universal set of dimensions or properties for organizational climate. They argued that one could describe climate along different dimensions depending on what kind of organization was being studied and what aspects of human behavior were involved. They described climate as a molar, synthetic, or changeable construct. Further, the kind of climate construct they described was relatively malleable; it could be modified by managerial behavior and by systems and strongly influenced by more enduring group norms and values.

This early research and theory development regarding organizational climate clearly linked psychological and organizational variables in a cause-effect model that was empirically testable. Using the model, Litwin and Stringer (1968) were able to predict and to control the motivational and performance consequences of various organizational climates established in their research experiment.

Culture

The concept of organizational culture is drawn from anthropology and is used to describe the relatively enduring set of values and norms that underlie a social system. These underlying values and norms may not be entirely conscious. Rather they describe a “meaning system” that allows members of a social system to attribute meaning and value to the variety of external and internal events that they experience. Such underlying values and meaning systems change only as continued culture is applied to generations of individuals in that social system.

The distinction between climate and culture must be very explicit because this model attempts to describe both climate and culture in terms of their interactions with other organizational variables. Thus this model builds on earlier research and theory with regard to predicting motivation and performance effects.

In addition, the variables that influence and are influenced by climate need to be distinguished from those influenced by culture. Thus there are two distinct sets of

organizational dynamics. One set primarily is associated with the transactional level of human behavior or the everyday interactions and exchanges that create the climate. The second set of dynamics is concerned with processes of human transformation, that is, sudden “leaps” in behavior; these transformational processes are required for genuine change in the culture of an organization. Efforts to distinguish transactional and transformational dynamics in organizations have been influenced by the writings of James McGregor Burns (1978) and by experiments in modern organizations.

THE MODEL

As noted in the preceding section, the Burke-Litwin model owes its original development to the work of Litwin and his associates (Litwin & Stringer, 1968; Tagiuri & Litwin, 1968); it has been refined through a series of studies directed by Burke (Bernstein & Burke, 1989; Michela, Boni, Manderlink, Bernstein, O’Malley, Burke, & Schechter, 1988). Recent collaboration has led to the current form of this model, which attempts the following:

1. To specify the interrelationships of organizational variables; and
2. To distinguish transformational and transactional dynamics in organizational behavior and change.

Figure 1 summarizes the model. In accordance with accepted thinking about organizations from general systems theory (Katz & Kahn, 1978), the external environment box represents the input and the individual and organizational performance box represents the output. Feedback loops go in both directions. The remaining boxes of the model represent the throughput aspect of general systems theory.

The model is complex, as is the rich intricacy of organizational phenomena. However, this model, exhibited two dimensionally, is still an oversimplification; a hologram would be a better representation.

Arrows in both directions convey the open-systems principle that change in one factor will eventually have an impact on the others. Moreover, if the model could be diagrammed so that the arrows were circular (as they would be in a hologram), reality could be represented more accurately. Yet this is a causal model. For example, although culture and systems affect one another, culture has a stronger influence on systems than vice versa.

The model could be displayed differently. External environment could be on the left and performance on the right, with all throughput boxes in between. Or the model could be inverted, that is, performance on the top and external environment on the bottom. However, displaying it as shown makes a statement about organizational change: organizational change stems more from environmental impact than from any other factor. Moreover, with respect to organizational change, the variables of strategy, leadership, and culture have more “weight” than the variables of structure, management practices, and systems; that is, having leaders communicate the new strategy is not

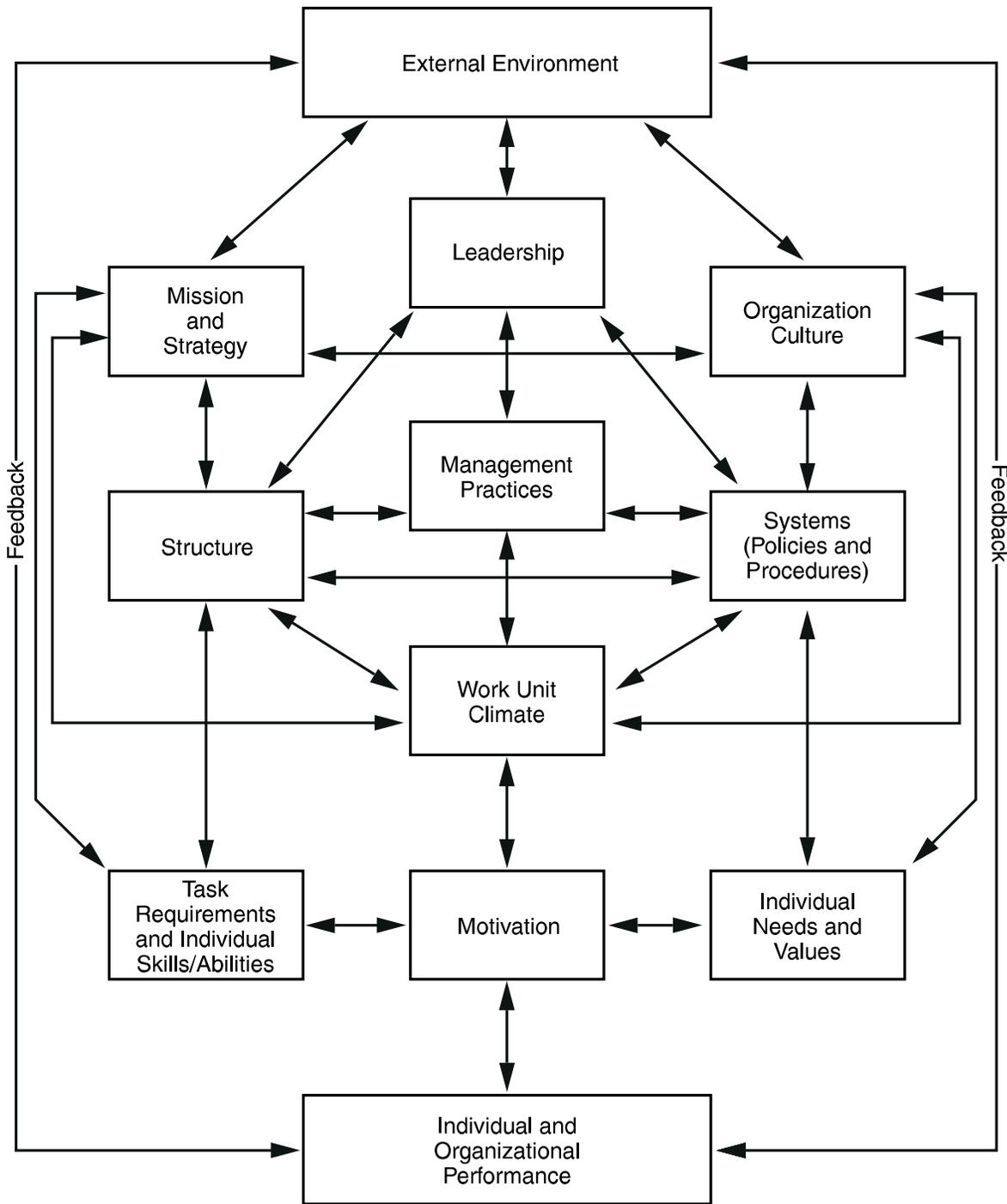


Figure 1. The Burke-Litwin Model of Individual and Organizational Performance

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sufficient for effective change. Changing culture must be planned as well as aligned with strategy and leader behavior. How the model is displayed does not dictate where change could start; however, it does indicate the weighting of change dynamics. The reader can think of the model in terms of gravity, with the push toward performance being in the weighted order displayed in Figure 1.

In summary, the model, as shown in Figure 1, portrays the following:

- The primary variables that need to be considered in any attempt to predict and explain the total behavioral output of an organization;
- The most important interactions among these variables; and
- How the variables affect change.

TRANSFORMATIONAL AND TRANSACTIONAL DYNAMICS

The concept of transformational change in organizations is suggested in the writings of such people as Bass (1985), Burke (1986), Burns (1978), McClelland (1975), and Tichy and Devanna (1986). Figure 2 displays the transformational variables, those in the upper half of the model. *Transformational* refers to areas in which alteration is likely caused by interaction with environmental forces (both within and without) and that require entirely new behavior sets on the part of organizational members.

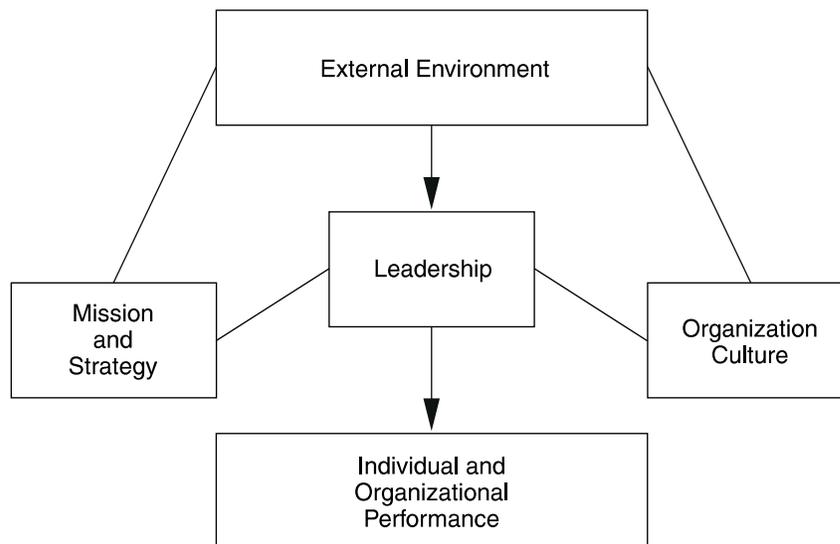


Figure 2. The Transformational Factors

Figure 3 shows the transactional variables, those in the lower half of the model. These variables are very similar to those originally isolated by Litwin (1968) and later by Michela et al. (1988). They are *transactional* in that alteration occurs primarily via relatively short-term reciprocity among people and groups. In other words, “You do this for me and I’ll do that for you.”

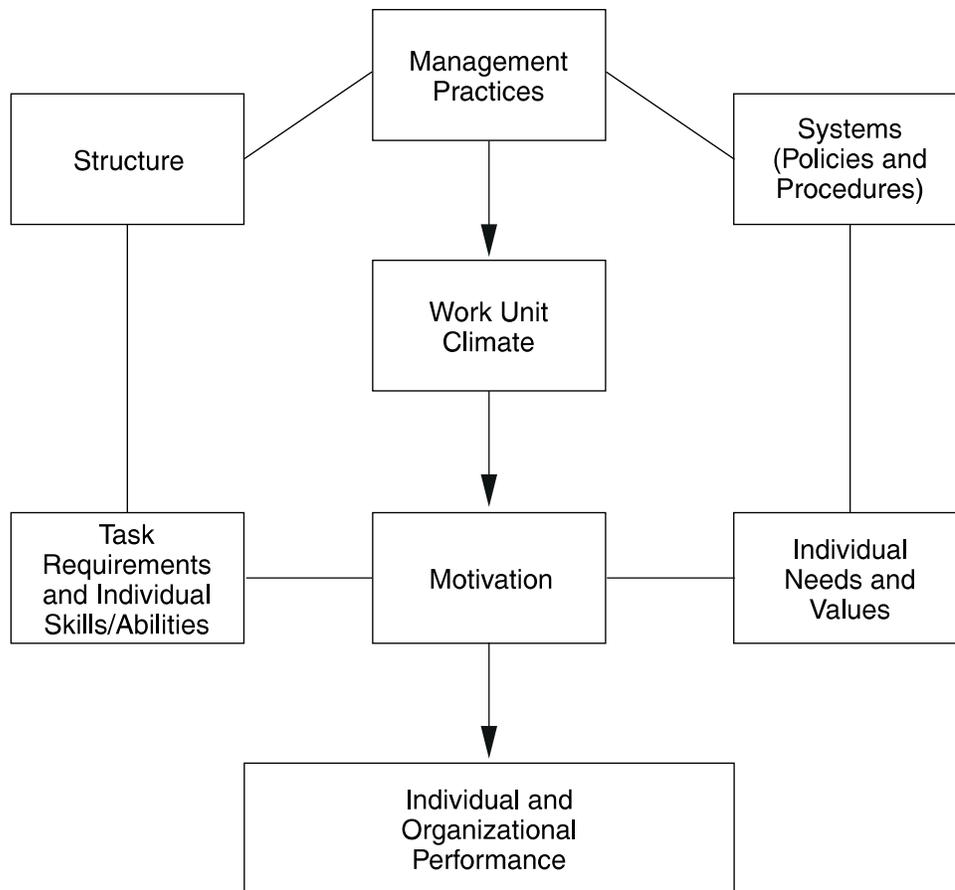


Figure 3. The Transactional Factors

Each category or box in the model can be described as follows:

External Environment. Any outside condition or situation that influences the performance of the organization. These conditions include such things as marketplaces, world financial conditions, political/governmental circumstances, and so on.

Mission and Strategy. What employees believe is the central purpose of the organization and how the organization intends to achieve that purpose over an extended time.

Leadership. Executive behavior that encourages others to take needed actions. For purposes of data gathering, this box includes perceptions of executive practices and values.

Culture. “The way we do things around here.” Culture is the collection of overt and covert rules, values, and principles that guide organizational behavior and that have been strongly influenced by history, custom, and practice.

Structure. The arrangement of functions and people into specific areas and levels of responsibility, decision-making authority, and relationships. Structure assures effective implementation of the organization’s mission and strategy.

Management Practices. What managers do in the normal course of events to use the human and material resources at their disposal to carry out the organization's strategy.

Systems. Standardized policies and mechanisms that facilitate work. Systems primarily manifest themselves in the organization's reward systems and in control systems such as goal and budget development and human resource allocation.

Climate. The collective current impressions, expectations, and feelings of the members of local work units. These in turn affect members' relations with supervisors, with one another, and with other units.

Task Requirements and Individual Skills/Abilities. The behavior required for task effectiveness, including specific skills and knowledge required for people to accomplish the work assigned and for which they feel directly responsible. This box concerns what is often referred to as job-person match.

Individual Needs and Values. The specific psychological factors that provide desire and worth for individual actions or thoughts.

Motivation. Aroused behavioral tendencies to move toward goals, take needed action, and persist until satisfaction is attained. This is the net resultant motivation; that is, the resultant net energy generated by the sum of achievement, power, affection, discovery, and other important human motives.

Individual and Organizational Performance. The outcomes or results, with indicators of effort and achievement. Such indicators might include productivity, customer or staff satisfaction, profit, and service quality.

Climate Results from Transactions; Culture Change Requires Transformation

Organizational climate, as the concept originally evolved in the 1960s at the Harvard Business School and other centers of behavioral research, was a description of the immediate, short-term impact of the organizational environment on individual and group behavior. Of course, climate has long-term consequences, but these consequences develop as a result of a series of continuing, discrete day-to-day interactions and exchanges (transactions). The idea of climate evolved from the efforts of Litwin and others to describe the relatively fluid qualities of human behavior. Managers could establish a particular climate with a whole variety of consequences for motivation and organized performance.

In the causal model, day-to-day climate is a result of transactions related to issues such as:

- Sense of direction: the effect of mission clarity or lack thereof;
- Role and responsibility: the effect of structure, reinforced by managerial practice;

- Standards and commitment: the effect of managerial practice, reinforced by culture;
- Fairness of rewards: the effect of systems, reinforced by managerial practice; and
- Focus on customer versus internal pressures or standards of excellence: the effect of culture, reinforced by other variables.

In contrast, the concept of organizational culture has to do with those underlying values and meaning systems that are difficult to manage, to alter, and even to be realized completely (Schein, 1985). Culture is not used to describe another way of understanding the short-term dynamics of the organization. Rather it provides a theoretical framework for delving into that which is continuing and more or less permanent. “More or less permanent” refers to the fact that change can be arranged or may come about as a result of uncontrolled outside forces but will involve substantial upheaval in all transactional-level systems and will take time.

Instant change in culture seems to be a contradiction in terms. By definition, those things that can be changed quickly are not the underlying reward systems but the behaviors that are attached to the meaning systems. It is relatively easy to alter superficial human behavior; it is undoubtedly quite difficult to alter something unconscious that is hidden in symbols and mythology and that functions as the fabric helping an organization to remain together, intact, and functional.

To change something so deeply imbedded in organizational life does indeed require transformational experiences and events. New meaning is given to one’s perceptions by such life-changing circumstances. Cataclysmic environmental changes shaped human evolution and produced the kind of internalized culture that people experience. Similarly, drastic environmental changes have shaped or will shape the culture of such organizations as Chrysler and General Motors.

Culture has enormous inertia. It takes drastic circumstances for leaders to question long-held assumptions. Walter Wriston, former chairman of Citicorp, is reported to have said, “You know when you change; when you run head-long into a brick wall, that’s when you change!” Transformational experiences and events often result from environmental change, but other events may be critical, for example, the appointment of a new leader. Such transformational processes can provide the basis for “sudden leaps” in organizational behavior and performance because they provide new meaning to events such as cultural change and its interactions with other variables.

Using the Model: Data Gathering and Analysis

Distinguishing transformational and transactional thinking about organizations has implications for planning organizational change. Unless one is conducting an overall organizational diagnosis, preliminary interviews will result in enough information to construct a fairly targeted survey. Survey targets would be determined from the interviews and, most likely, would be focused on either transformational or transactional issues. Transformational issues call for a survey that probes mission and strategy,

leadership, culture, and performance. Transactional issues need a focus on structure, systems, management practices, climate, and performance. Other transactional probes might involve motivation, including task requirements (job-person match) and individual needs and values. For example, parts or all of “The Job Diagnostic Survey” (Hackman & Oldham, 1980) might be appropriate.

A consultant helping to manage change would conduct preliminary interviews with fifteen to thirty representative individuals in the organization. If a summary of these interviews revealed that significant organizational change was needed, additional data would be collected related to the top or *transformational* part of Figure 1. Note that in major organizational change, transformational variables represent the primary levers, those areas in which change must be focused. The following examples represent transformational change (concentrated at the top of the model, as illustrated in Figure 2):

1. An acquisition in which the acquired organization’s culture, leadership, and business strategy are dramatically different from those of the acquiring organization (even if both organizations are in the same industry), thereby necessitating a new, merged organization;
2. A Federal agency in which the mission has been modified and the structure and leadership changed significantly, yet the culture remains in the past; and
3. A high-tech firm whose leadership has changed recently and is perceived negatively, whose strategy is unclear, and whose internal politics have moved from minimal (before) to predominant (after). The hue and cry here is “We have no direction from our leaders and no culture to guide our behavior in the meantime.”

For an organization in which the presenting problem is more a fine-tuning or improving process, the second layer of the model (shown in Figure 3) serves as the point of concentration. Examples include changes in the organization’s structure; modification of the reward system; management development (perhaps in the form of a program that concentrates on behavioral practices); or the administration of a climate survey to measure job stratification, job clarity, degree of teamwork, and so on.

British Airways is a good example of an organization in which almost all of the model is used, providing a framework for executives and managers to understand the massive change they are attempting to manage. British Airways (BA) became a private corporation in February of 1987; changing from a government agency to a market-driven, customer-focused business enterprise is a significant change. All boxes in the model have been, and still are being, affected. Data have been gathered based on most of the boxes and summarized in a feedback report for each executive and manager. This feedback, organized according to the model, helps the executive or manager understand which of the boxes within his or her domain need attention.

It is also useful to consider the model in a vertical manner. For example, Bernstein and Burke (1989) examined the causal chain of culture, management practices, and climate in a large manufacturing organization. In this case, feedback to executives

showed how and to what degree cultural variables influenced management practices and, in turn, work-unit climate (the dependent variable).

To summarize, considering the model in horizontal terms emphasizes that organizational change is either *transformational*—significant if not fundamental change—or *transactional*—fine-tuning and improving the organization rather than change that is significant in scope. Considering the model from a vertical perspective entails hypothesizing causal effects and assuming that the “weight” of change is top-down; that is, the heaviest or most influential organizational dimensions for change are external environment, first and foremost, and then mission-strategy, leadership, and culture.

It is interesting to note that executives and managers typically concern themselves with the left side of the model illustrated in Figure 1—mission and strategy, structure, task requirements and individual skills/abilities. In contrast, behavioral scientists are more likely to be concerned with the right side and middle of Figure 1—leadership, culture, systems (especially rewards), management practices, climate, individual needs and values, and motivation. One should be concerned with the entire model and with a more effective integration of purpose and practice.

Preliminary Support for the Model’s Validity

One way to measure causal predictions is to stay with perceptions and beliefs, that is, how managers’ beliefs about mission and strategy, for example, relate to and possibly predict their own perceptions and their subordinates’ perceptions of work-unit climate. In the British Airways example, one of the performance indices used was perceived team effectiveness. In research designed and conducted by William M. Bernstein, data were collected from BA managers regarding their beliefs and perceptions about (1) team manager practices, for example, degree of empowering behavior toward subordinates; (2) the usefulness of BA’s structure; (3) the clarity of BA’s strategy; (4) the extent to which BA’s culture supports change; and (5) the team’s climate, for example, goal and role clarity. The data categorized according to just these five boxes from the model explained 54 percent of the variance in rating of team effectiveness. Figure 4 illustrates these relationships.

CONCLUSIONS

Data do not always support precisely the causal chain depicted in the model. For example, on occasion perceptions regarding strategy or structure explain more variance in ratings of climate or some index of performance than does the variable of management practices, which is usually a heavy predictor. These occasions are when the organization is in the midst of a change in strategy, a change in structure, or both. It may also be that national differences would affect the causal chain in ways not quite as the model would predict. In the United Kingdom, for example, beliefs about “the team” and what constitutes satisfaction may not be the same as American beliefs. When given the

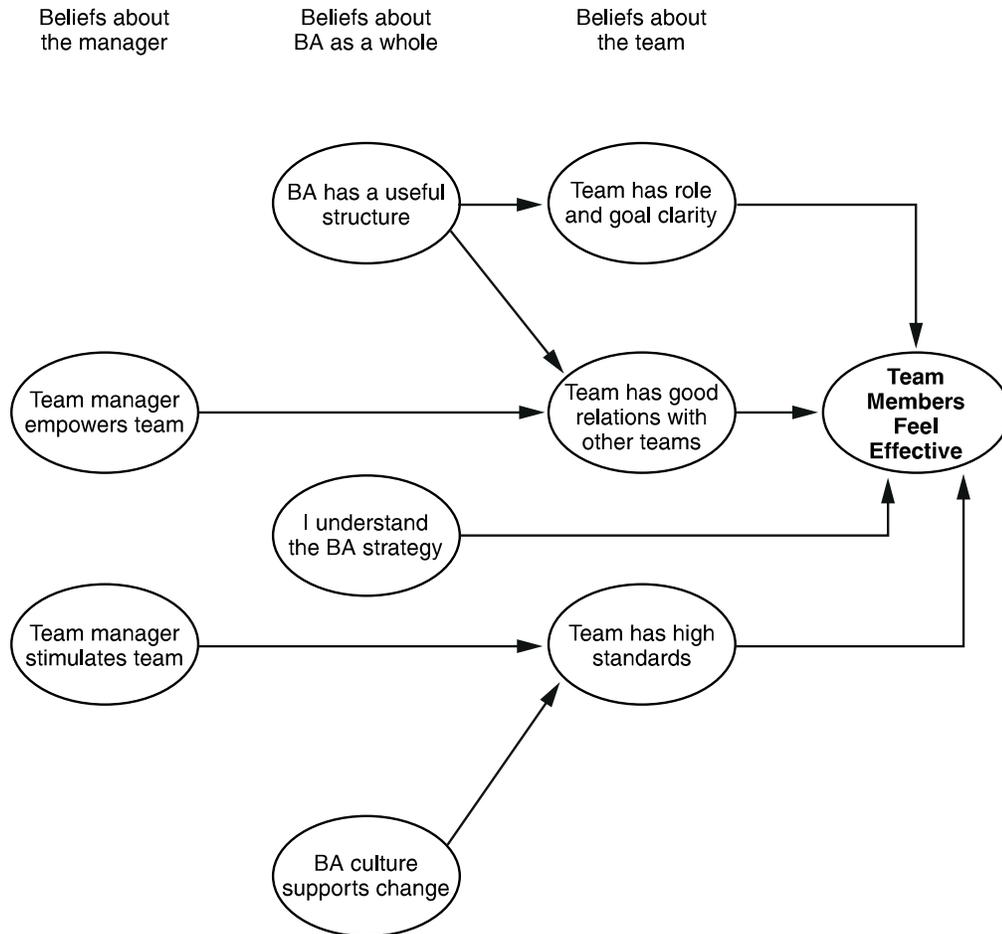


Figure 4. Beliefs Associated with Team Members' Feelings of Effectiveness

opportunity to complain or criticize, the British seem to attribute their feelings of dissatisfaction to more distant factors, such as the culture or the structure, than to factors close to home, such as one's teammates. Americans, on the other hand, are just as likely to criticize their teammates as they are to complain about the inadequate organizational structure.

Finding exceptions to the causal implications of the model does not necessarily detract from its usefulness. As a guide to what to look for and how to manage large-scale organizational change, the model is invaluable. Like any other model, however, it cannot determine exclusively what to diagnose or how to handle organizational change. It simply is one way of conceptualizing and helping organizations take another step forward, making the process more concrete, more testable, and more useful.

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■ THE ENNEAGRAM: A KEY TO UNDERSTANDING ORGANIZATIONAL SYSTEMS

Michael J. Goldberg

The Enneagram is a system that describes nine different world views: the ways that people or groups think, act, feel, and, most especially, relate to one another. The system draws on traditions that are centuries old, and it is a powerful and elegant approach to character and culture.

Each of the Enneagram's nine world views is quite distinct. Each engenders characteristic values, blessings, and predicaments, and each suggests appropriate interventions and development. Each framework is not so much a pathology (although it can be that) as a pathway through life with adventures and distractions likely along the road, and with attendant lessons, resolutions, and metamorphoses.

Simply being conscious of one's own perceptual style—one's automatic habits—has profound implications. A person who sees others as being on a different journey can begin to forgive them their trespasses. Recognizing those on a similar journey can evoke shock or sympathy. In this way, the Enneagram purports to teach compassion.

The Enneagram also describes the worlds that others live in—their interior reality. Therefore the system is particularly imaginative at interpreting relationships, at understanding how one style will get along with another, the nature of the difficulties the two styles are likely to have, and the opportunities for partnership and co-creation.

ORIGINS OF THE SYSTEM

The Enneagram, a nine-pointed figure enclosed in a circle (Figure 1), is quite old and the origins are obscure. The Greek philosopher Pythagoras used this very diagram—one of the “Pythagorean seals”—as part of his sacred geometry, which used numbers for their meaning rather than for arithmetic. From Pythagoras the tradition passed through Plato, Plotinus and the neo-Platonists, into Judaism by way of Philo, and into Christianity by way of Pseudo-Dionysius. Closely associated with the Gnostic and Stoic traditions, the work traveled north with the Orthodox Church, east to Arabia, and west to influence the Kaballah in Spain and France. As philosophy, theology, and psychology, some of the work was generally available, and the rest was closely held.

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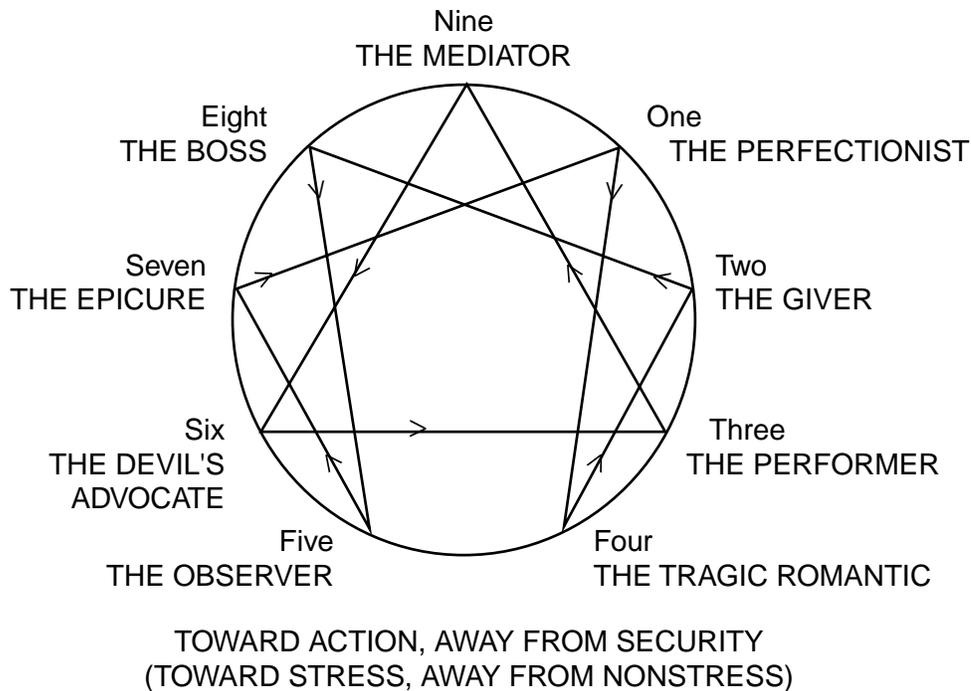


Figure 1. The Enneagram*

A 17th century Jesuit mathematician and diarist, Athanasius Kircher, writing at the Vatican, judged the Enneagram to be precisely equivalent to the Kaballah's Tree of Life, the central map of Jewish mysticism. Kircher inscribed a similar nine-pointed figure on the frontispiece of his book, published in 1665.

The controversial Armenian-Russian mystic George Ivanovitch Gurdjieff is identified with the Enneagram, but he never explained it as a personality system. Gurdjieff did say that the Enneagram was the final arbiter of esoteric knowledge: Two people could meet and draw the Enneagram, and both would immediately know who was to be the student and who was to be the teacher.

Oscar Ichazo, a philosopher and teacher originally from Bolivia, developed the applications to personality of what he called the Enneagon in the 1950s and 1960s as part of his larger theory, which is taught as the Arica system. In recent years, the Enneagram has become immensely popular with a broad audience of psychotherapists, human resource professionals, clerics, and educators. This article applies the Enneagram work to groups and organizations.

THE NINE POINTS OF VIEW

The Enneagram describes nine points of view, which appear as personalities, group styles, or organizational cultures. Point of view shapes our experience of life, including

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how decisions are made, how conflict is resolved, what is valued, and how obstacles are overcome. The following sections describe each of the nine types, using the names designated by Helen Palmer (Palmer, 1988).

1. The Perfectionist

Perfectionists can be critical, idealistic, and judgmental; these people make decisions with an internalized “single correct standard” in mind. Their constant zealous sermonizing, teaching, and monitoring of others may make people feel criticized and rejected, but their anger is turned inward on themselves even more. Pleasure takes a distant back seat to perfectionism. At their best, these upright, fastidious, high-energy 1’s are honest and idealistic, with superb powers of criticism; they can be fine mentors, selfless humanitarians, and astute, moral heroes.

2. The Giver

Givers can be prideful, seductive, manipulative, vivacious, and sometimes sweet; they work to be indispensable to others as a path to love and influence. These are the powers behind the throne, with exquisite radar for the moods and preferences of others. Relationships are central, especially with strong authorities who might offer powerful solutions. Others may sense that 2’s flatter and give in order to get adulation back. Givers can be high energy and proactive, genuinely sensitive, helpful and humble, and exuberantly engaging; they can bring out the best in others.

3. The Performer

Performers can be enthusiastic, efficient, high performing, and competitive, seeking to be loved for what they accomplish. Because 3’s are concerned with image and approval, others may see them as facile, artificial, superficial, and insensitive. Performers tend to confuse who they are with what they produce. Evolved 3’s can be charismatic leaders; efficient, practical problem solvers; and accomplished team players. They get things done.

4. The Tragic Romantic

Tragic Romantics can be melancholic, artistic, flamboyant, elite, explosive, and intense. They long for past and future loves, while living a passionate life filled with panache, elegance, and good taste. They make decisions based on the shifting chemistry of mood. Those around them see recurrent crises, invidious comparisons, and endless dissatisfactions. Because 4’s are filled with deep feeling, they can be highly empathic, romantic, and stylish doyens of the creative.

5. The Observer

Observers can be emotionally detached, penurious, and wise, seeking to observe life from a safe and protected distance, buffered by accumulated knowledge and information. They camouflage themselves and minimize needs, preferring independence to satisfaction and self-sufficiency to relationship. Emotional and business interactions are seen as a drain. Others may see 5's as withdrawn and greedy, hoarding information as well as themselves. Observers can be excellent decision makers, brilliant analysts, and insightful commentators.

6. The Devil's Advocate

Devil's Advocates can be dutiful and loyal, but also fearful and plagued with doubt. They tend to overfocus on what might go wrong and who can be trusted. Others may be frustrated by their procrastination and paranoia. Constantly on guard, these rational and linear thinkers are at war with their own impulses. They can be imaginative, faithful, sensitive, intuitive, committed, and ultimately courageous troupers for a side or cause, especially the underdog; 6's are terrific at ferreting out hidden motives and pitfalls along the way.

7. The Epicure

Epicures are romancers, idiosyncratic visionaries, and optimistic planners, but also classic Peter Pans who never want to grow up. Magical thinkers, 7's are gluttons for wonderful options and pleasant possibilities but avoid closure, pain, and boring work. Others may experience them as narcissistic and irresponsible. They can be gifted, perceptive, and witty enjoyers of life. Playful idealists, they can become enlightened synthesizers of ideas and networkers of people.

8. The Boss

Bosses can be lusty, powerful, straightforward, intense, and dictatorial. They lack subtlety and restraint and are focused on power and control. Abrasive and ruthless, they believe truth comes out in a fight; they focus on their own strengths and others' weaknesses, which makes them feel invulnerable. Their tendency to excess may repel others. However, 8's can be excellent, bold leaders and empire builders; they often are genuinely protective of the weak in their care.

9. The Mediator

Mediators can be warm, calming, caring, compromising, and sometimes neglectful. They empathize with the needs, enthusiasms, and points of view of their fellows more than their own. Others may be put off by the obsessive ambivalence of 9's, their deliberate pursuit of inessential distractions, and their tendency to passive-aggression. Supportive and easy to be with, evolved 9's reflect and identify with others' positions.

They therefore can be excellent counselors, negotiators, and peacemakers. A sense of the global makes them particularly adept at working with the group as a whole.

THE ENNEAGRAM SYMBOL

An Enneagram *fixation* (point or number) does not operate in isolation. Each point is a complex of forces; indeed, each individual number exists only in relation to the others. The Enneagram as a whole describes the psychological pressures exerted by each fixation on the rest, which amount to patterns of behavior, relationship, and transformation.

Stress and Heart

Each fixation is connected to two others by arrows. These arrows describe shifts in perspective that a person with a particular fixation tends to make under certain conditions. Movement in the direction of the arrow is to the Stress Point (9 → 6 → 3 → 9 in the inner triangle; 1 → 4 → 2 → 8 → 5 → 7 → 1 in the hexagon). Movement against the direction of the arrow is to the Heart Point (9 → 3 → 6 → 9 and 1 → 7 → 5 → 8 → 2 → 4 → 1).

Each Enneagram style goes to its heart point when *integrating*. This is the expansive flow state; there is a feeling of ease, connectedness, creativity, inspiration, integration, well-being, and transformation. Each Enneagram style goes to its stress point when *disintegrating*, a place of frustration, defensiveness, blame, and rigidity. Figure 2 charts the characteristics of each fixation, its stress point, and its heart point.

For example, a 9 has one foot at 3 (its heart point), urging action; the other foot is at 6 (its stress point), counseling caution. Mediators are naturally able simultaneously to see and agree with conflicting sides of a conflict; they tend to feel best when they are proactive, moving, and getting the job done (at 3); when they are stressed they can be paranoid and hesitant (at the low side of 6.)

THE ORGANIZATIONAL ENNEAGRAM

Organizations, like individuals, have different world views: the ways that people or groups think, act, feel, and, most especially, relate to one another.

The Enneagram asks the central question, “Where does the organization focus its attention?” The answers help to identify the system:

- On quality controls and standard operating procedures (ONE)
- On customer service (TWO)
- On efficiency and competition (THREE)
- On an image as unique, authentic, and enviable (FOUR)
- On secrecy and special knowledge (FIVE)

- On tight management-information systems and what the competition is doing (SIX)
- On innovation (SEVEN)
- On bullying through (EIGHT)

Fixation	Stress Point	Heart Point
1	4 Drama, emotion, tragedy, hopelessness, envy, melancholy, shame	7 New options, fun, good times, fresh ideas
2	8 Bossiness, combativeness, tyranny, steamrolling	4 Like, authentic qualities of self and others, elegance
3	9 Laziness, inability to make decisions, avoidance, distractedness	6 Loyalty, commitment, preparedness, trustworthiness, humaneness
4	2 Hysteria, manipulation, codependence	1 Clear vision, good boundaries, value centeredness
5	7 Mania, disconnectedness, fantasizing	8 Fearless leadership, protectiveness, outer-directed energy, confrontativeness
6	3 Compulsive production, disconnection from people	9 Global vision, empathy, calmness, natural connectedness
7	1 Rigidity, punishment, criticism	6 Inner wisdom, receptivity, observation
8	5 Withdrawal, frozen energy, disconnectedness from others	2 Protectiveness, sensitivity, caring for others
9	6 Accusations, suspicions, defensiveness, paranoia	3 Task orientation, proactivity, high energy, confidence

Figure 2. Movement Dynamics in the Enneagram

On Avoiding Conflict (NINE)

By looking past expressed intention and overt behavior to underlying assumptions and values, the Enneagram focuses on what *really matters* to a working group or an organization. From this, the Enneagram generates powerful paradigms and suggests particular interventions.

ONE Systems

ONE systems are wedded to a plethora of formal policies, standard operating procedures, and strong cultural norms, which precisely describe the way things are done. These may include prominent disciplinary systems, frequent management meetings, dress codes, strict schedules, and even prescribed worker attitudes. The phrase “zero defects” is a byword in a ONE system. A clear and precise conception of the product, service, or activity is central.

On the positive side, industrious, highly organized ONE systems believe that results come from hard work and that hard work leads to perfection. ONEs are ethical, value driven, and detail oriented. A steady focus on self-referenced ideals about products or services means the system will not be distracted by the vagaries of the environment or market or human foibles. Quality, integrity, and thoroughness are their own reward.

On the negative side, rigid adherence to a standard of excellence or ideology (“the right way to do things”) means that ONE cultures, though hard working, can be estranged from the external market environment and the bottom line. They lack the flexibility, responsiveness, and spontaneity necessary for true effectiveness, particularly in an unstable market. The system has trouble tolerating ambiguity and differences of opinion. Meticulous trivialities push out the big picture; no one wants to make the big mistake, which stifles creative initiative.

ONE systems are exemplified by Japanese baseball, Electronic Data Systems, the Puritans, Krupp Armaments, and Switzerland.

As an intervention in a ONE system, brainstorming, a pure 7 process, permits alternate, nascent, and possibly imperfect ideas and possibilities to be generated and considered without criticism or judgment (and not understood as failures.) In this way, competing alternative values can be introduced. The “real needs” of the system can be separated from “correct needs” and “shoulds,” and applied creativity can be rewarded.

TWO Systems

In TWO systems, the focus is on human relationships and attention to the needs of others. “Extraordinary customer service” is the battle cry, and TWO organizations are the experts at systematically tracking customer needs and meeting them. TWO systems also appear in large organizations in staff functions such as human resources and employee assistance programs, which have authority and influence because the line functions are dependent on them.

On the positive side, TWO systems are participative, “people oriented,” and highly adaptable. TWO management and cultures emphasize training, team building, and coaching; they seek to inspire and empower people, discovering the best in them and bringing it out. TWO managers are “servant leaders,” who, when they operate without machination, provide the best human-to-human service.

On the negative side, TWO systems can be overinvolved, enmeshed, power hungry, and intrusive, but without being direct about it. “I am only here to serve you, but you can’t do it without me, so do what I say.” The apparent self-sacrifice has hooks; the

coercive demands may or may not be subtle. Decisions tend to be impulsive and frantic. Ironically, TWO systems, although good at meeting the needs of others, may be disconnected from their own real needs.

TWO systems include Scandinavian Airlines System, United Service Organizations (USO), the Salvation Army, and many twelve-step groups.

To align with a TWO system, a consultant needs to appreciate it for how necessary it is. TWO systems benefit from self-inventory, a 4 process. This means delineating the system's unique passionate vision, special gifts, and talents, while being clear about real needs (capacity, finances, procedures, and sentient needs) and the ways of meeting them.

THREE Systems

In fast-moving, competitive, bottom-line THREE systems, the focus is on efficiency, high-profile image, performance, and mastery. Work is specified precisely, as are the measures of success. Success is understood to come from persistence. Timelines are short; feedback comes quickly, and, as masters of the market, THREE systems easily adjust. Decisions are made rapidly, and high activity is the cornerstone.

On the positive side, when tasks are clear and straightforward and the goal is efficient production and marketing of a uniform product or service, the can-do THREE group gets the job done best. Planning and goal-setting are natural, and team players are rewarded. Creativity is the talent for synthesis (making better what already is) as opposed to invention.

On the negative side, THREE systems “sell the sizzle, not the steak.” The real emotional needs of employees fall by the wayside, leading to overexertion and burnout. Workers are interchangeable as “role occupants.” Pressure is constant; exploitative, opportunistic, or quick-fix solutions and a short-term horizon may lead to problems in the long term.

Examples of THREE systems include McDonald's, est (“a world that works”), Transcendental Meditation, Federal Express, “just-in-time inventory,” Hong Kong, and the U.S.A.

Alignment with a THREE system centers around performance and task. Intervening in a THREE system requires confronting the difference between appearance (public image) and reality. It is important to create and reward loyalty (a 6 process) through trustworthy and congruent authority. Leaders must follow through on promises and not pressure their workers beyond reasonable limits.

FOUR Systems

FOUR systems create unique, imaginative, and wonderful products and services that meet elite standards and are a special pleasure to use. Suffused with emotional or traditional symbolism and a sense of being “the real thing,” a FOUR organization is often driven by a charismatic leader who acts intuitively and puts his or her personal stamp on everything.

On the positive side, FOUR systems focus not only on their stylish products but also on the humanity and individuality of their employees and customers, which engenders high commitment from those who are on board. Deeply held feelings are more important than abstract principles; immoderate passion is central. FOUR companies tend to prefer their unique high-quality niche to large market share. They want to impose their felt designs on the world, perhaps by being socially active.

On the negative side, there may be dramatic swings between great successes and extraordinary mishaps. FOUR systems may sabotage their gains with rash and impulsive decision making, based more on impression than research. Everything is taken personally; relationships may be oversolicitous or histrionic and sometimes brittle and demanding. Conflict, turbulence, and dissatisfaction (“things aren’t what they should be”) may be at or just below the surface.

Examples include The Body Shop (natural cosmetics), Nordstrom, Herman Miller, Merchant-Ivory Productions, People for the Ethical Treatment of Animals, Alvin Ailey Company, the Actors Studio, suicide hot lines, emergency veterinary hospitals, and France.

To intervene, a consultant needs to remember that FOUR systems can be intense and emotionally overloaded; note their attraction to volatility and extremism. These systems are well served by 1 processes such as strengthening role, boundary, and system limits; operating with equanimity and balance; clarifying rules and procedures; and eliminating the inevitable, special, private agreements. These processes allow all who are involved to know that the business is rooted in a stability that will not be swept away by arbitrary feeling.

FIVE Systems

FIVE systems frequently are technology or information driven. Experts (or groups of experts) work on their own, with a tendency to be isolated from one another—much like independent contractors—observing, analyzing, experimenting with ideas, theories, systems, and patterns of meaning. Face-to-face management confrontation is avoided.

On the positive side, FIVE systems are masters of the intricate, natural reservoirs for enormous amounts of special information. Profound insights and clear, elegant solutions may emerge, always grounded in the particular; FIVE groups may also be interested in how the pieces relate to the whole.

On the negative side, management may be isolated. Because jobs are fragmented, important tasks or responsibilities can be forgotten. Information tends to be hoarded rather than shared. The organizational structure may be overcompartmentalized, with inadequate communication and coordination; rivalry for power and influence may be found among competing managers and groups. Responsibility is diffused, and meetings are seen as a drain rather than social glue. Team members may see themselves merely as loose collections of individuals. External forces are seen as intrusive distractions.

Examples include research/technology/engineering work groups, many traditional monasteries and convents, the classic penitentiary, Hughes Tool, Tibet, Vipassana Buddhism, historical China, and Finland.

As far as interventions in a FIVE system are concerned, boundaries (of space, time, role, relationship, and task) need to be conscientiously honored. Structures that encourage the sharing of ideas, information, and enthusiasm (8 processes) override the paralysis of the rational. It is important to create a bias to action and to taking bold risks.

SIX Systems

In the SIX system, the world cannot be trusted: Things are not what they seem. Secrets are common. Attention is on hidden motives and meanings. The system struggles with doubting appearances or with excessive credulity. Such cultures delight in high-technology management-information systems, intelligence, and electronics, all of which report to a centralized power group. Loyalty is highly valued; disloyalty means expulsion. Authority issues (the legitimacy of the exercise of authority, for example) are paramount.

On the positive side, SIX groups can be terrific coalition builders; once committed, they are dutiful and stay the course. SIX systems are hyperalert—sophisticated management-information systems abound—and hypervigilant: They are ready for whatever might come along (as long as the problem is on the long list of those contemplated in advance.) Enlightened SIX systems can be models of humanist authority.

On the negative side, strong internal controls, including regular checks of the bona fides of the membership (lie detector tests, performance appraisals, surveillance equipment, cost controls) along with handling of sensitive materials, lead to intrigue, caution, and paranoia. New ideas are viewed with suspicion. Strategies are conservative and reactive.

Examples include the CIA, police forces, criminal gangs, many cults, the Knights Templar (duty, loyalty), Germany, and Disneyland (constant scanning and safe “dangerous” rides).

To intervene in a SIX system, a consultant needs to validate the genuine fears, concerns, and premonitions in the system. This is easy because SIX systems are frequently right about what might go wrong. The system evolves by moving toward 9, when it also includes what might go right, and when the world is experienced without prejudice. The system relaxes when it moves from projective, rationalist, security-building, fight/flight thinking to tolerating ambiguity and competing agendas.

SEVEN Systems

SEVEN Systems are adhocracies, connecting interdisciplinary ideas, resolutely focused on imaginative and innovative possibilities and the exciting upside (whether called for or not)—and on avoiding the downside, the difficult, the direct confrontation. Options are always kept open. Lengthy business plans are an anathema, as are comprehensive

reports. SEVEN organizations may feature small, autonomous project teams or entrepreneurial units, with minimal supervision. Employees may have multiple bosses.

On the positive side, the exciting SEVEN system is ideal when the task requires enthusiastic, high-energy generation of plans, ideas, and options; extreme flexibility, complexity, creativity, and rapid change; and drawing on interdependent experts. Such a system is often the first to pick up on new trends. In these egalitarian systems, people have plenty of room to grow: SEVEN cultures encourage individuality, intrapreneuring, experimentation, and creativity.

On the negative side, SEVEN systems can become fixated and disconnected from reality. Painful problems are discounted or overlooked. These systems attract dabblers, dilettantes, and jacks-of-all-trades, who, in their greed for stimulation and constant change, are not in for the long term and may have trouble with detail and completion.

Examples include 3M Company, ABC Olympic Sports, positive futurists, Atari, W.L. Gore, and Brazil.

To intervene in a SEVEN system, a consultant must join in the sense of enthusiasm, but also take note of the tendency to intellectualize and to avoid decisions.

Commitment—especially to agreements, to closure, and to working through difficult issues—grounds the SEVEN system. Seeing things as they are, without positive spin or embellishment, integrates the negatives that were previously disowned.

EIGHT Systems

EIGHT systems focus on the direct and forceful exercise of raw power, without ambivalence or regret. Confrontative, aggressive, and proactive, EIGHT systems see and understand events in black and white, without subtlety. Individuals tend to be stars; managers are tough rather than thoughtful or responsive.

On the positive side, EIGHT systems thrive and are anchors in turbulent, treacherous, or uncertain business environments. They are action oriented, genuinely protective of the weak, willing to use their power and strength for others magnanimously to fight injustice and eliminate obstacles in their way. EIGHT cultures reinforce those who take risks and win.

On the negative side, vengeful EIGHT systems attract bullies, those without sensitivity to depth, shades of gray, or the rights of individuals. Intimidated staff may lack initiative. Sensory excess is common. Cooperation may be hard to come by. Delegation to middle managers is regularly overridden by “The Boss,” who may be out of touch because of being told what he or she wants to hear.

Examples include commodities brokers, oil companies, real estate developers, movie moguls, robber barons, and industrial magnates (Andrew Carnegie moved from steel magnate [8] to philanthropist [2]), and Iraq.

To intervene in an EIGHT system, a consultant must honor the system’s vision of itself as enforcer of justice and morality. Using 2 themes can sensitize the system to its effect and impact, particularly on individuals, customers, stakeholders. A service audit and the empowering of middle managers are good strategies to employ. System-wide

procedural controls and feedback loops restrict the impulse to act immediately, impulsively, and insensitively.

NINE Systems

NINE systems are procedure oriented—they seem to run by themselves. They create a nominally collegial, accommodating, and nonconfrontative atmosphere, reliable in that its past is prologue. Job descriptions are clear and detailed. Satisfied with the status quo, change is slow and deliberate. NINE organizations thrive where there is no real competition. They tend to implode energy, which leads to inertia, but which can be very powerful when released.

On the positive side, NINE organizations are built to cope with overwhelming or numbing input; they do it brilliantly. NINE systems reconcile different and opposing opinions and wide-ranging demands on resources through global vision and equal treatment. At their best they are equanimous, receptive, empathic, and patient.

On the negative side, NINE systems live in a world of little or no feedback, where it is hard to measure the substantive results of one's work. Complacent and noninnovating, NINE work teams insulate themselves from real engagement through habit, routinized solutions, and pleasant demeanors. "Sweet obstinacy" or passive-aggressiveness (such as absenteeism, diffusing responsibility, and failure to complete assignments) masks a deeper refusal to be budged. The "process" of the work is emphasized more than the bottom line. Managers delay major decisions because they are distracted by minor details.

Examples include the U.S. Post Office, public utilities, large bureaucracies, heavily regulated industries, and Polynesia.

To intervene in a NINE system, a consultant may draw on the 3 perspective: Make goals clear and manageable, prioritize, reward successes, and encourage proaction. It is important to avoid overanalyzing and endless ruminating about products or services. A good strategy would be to streamline complicated personnel and decision-making procedures. In a NINE system, real change requires that the choices be framed in terms that demand a manageable response.

CONCLUSION

Organizations are, of course, networks of relationships that are based on shared beliefs, common concerns, and values that create a consensus reality, a context. The Enneagram can be a road map for how living systems frame their cultures and create that context. As such, it is a lodestar for understanding and for change.

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■ COLORING BETWEEN THE LINES: THE EFFECTS OF CODEPENDENCE ON ORGANIZATIONAL EFFECTIVENESS

Jeanette Goodstein

Abstract: Behavioral patterns that obstruct one's efforts to function effectively, such as trying too hard to take care of or please others being a perfectionist or a martyr, avoiding commitment, or being a workaholic, can result from "over learning; habits that may be beneficial in certain situations but are not useful when carried to extremes. Codependence, the name given to such behaviors, results in a restricting and confining behavioral repertoire.

In the workplace, codependency interferes with people's ability to manage conflict, communicate and share information, build and maintain relationships, and work smart. This article discusses each of these work function, the impact that codependency has on it, and ways that organizations can break out of codependent patterns.

Examples are given of organizations and people who have realized that "coloring between the lines" is no longer adequate. Innovation and flexibility are required to deal with the continuous change that is typical of today's organizations.

In a recent *Peanuts* cartoon, impressed with Sally's all-A report card, Charlie Brown asks her how she did it. She explains that she is a good student who is not tardy and does what she is told. "And," she adds, "I color between the lines!"

The reasons Sally offers for her perfect report card are all behavioral. She has clearly learned an important lesson: Behavior can count as much—or even more than—substantive performance. It appears that her academic achievements are not as important—another example of style over substance. Unfortunately, this can also be an insidious lesson, for the behaviors that get her a good report card today—particularly doing just what she is told and coloring between the lines¹—can one day lead her to unproductive and self-defeating results, the pattern that we call codependence.

WHAT CODEPENDENCE IS

Codependence—those behaviors that obstruct one's efforts to function effectively—can emerge from one's personal, unique set of behavioral patterns or habits. Codependence grows from "over learning" or over using behavioral habits that may be beneficial in moderation or in certain situations but are not useful or constructive when used inappropriately or carried to extremes. Such behavioral habits include trying too hard to please others or to take care of others, becoming an overdemanding perfectionist or an

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¹ The "coloring between the lines" metaphor comes from *Release from Powerlessness: A Guide for Taking Charge of Your Life* by Linda Moore, 1991, Dubuque, IA: Kendall/Hunt.

overresponsible martyr, avoiding genuine commitment, or becoming a workaholic in order to avoid meaningful relationships (Goodstein & Larsen, 1993; Larsen & Goodstein, 1993). Whatever the pattern, the result is a restricting and confining behavioral repertoire.

Codependence sets limits. It narrows vision. It cramps one's style. It does not allow one the freedom to do anything but color perfectly between the already-drawn lines.

THE IMPACT OF CODEPENDENCE ON ORGANIZATION FUNCTIONING

We carry our behavioral patterns into all aspects of our lives, so although codependence may appear to be a personal issue, it creates problems in the workplace. To continue the analogy of coloring between the lines, employers do expect their workers to do good work and to be at work on time. Certain types of jobs, such as bookkeeping and airplane-engine maintenance, require following preset patterns meticulously. Moreover, when problems are few and solutions are straightforward within a stable environment, the coloring-between-the-lines approach generally works well.

However, when initiative, creativity, and flexibility are needed, the limitations imposed by codependence quickly become obvious. Codependence traps organizations, as well as individuals, inside narrow boundaries. It suffocates imagination and inhibits the development and adoption of novel solutions or initiatives. More specifically, codependence often generates problems in four areas that are critical to effective organizational functioning. Codependence interferes with people's ability to do the following:

- Manage conflict,
- Communicate and share information,
- Build and maintain relationships, and
- Work smart.

Although many of us would like to work in a stable environment with simple problems, today's challenging and rapidly changing world is unlikely to grant us that wish. Consequently, it is essential to understand how codependence precipitates or exacerbates workplace problems and how the demands of changing work environments provide less and less possibility for accommodating codependent individuals. The following sections examine each of the four critical areas to illustrate how codependence can limit behavior and performance.

Managing Conflict

Conflict in the workplace ranges from petty bickering to such dramatic events as the forced retirement of Digital Equipment founder Ken Olsen and the intra-family feud that threatens the Haft-family business empire, which includes Crown Books and Trak Auto.

Conflict comes in such a variety of shapes and sizes and with such frequency that one would think that virtually everyone would develop some skill in dealing with it. Observation and personal experience, however, tell us otherwise. Some people, like New York Yankees owner George Steinbrenner, appear to thrive on conflict. Others, like the meek who are unlikely to inherit the earth, will go to almost any lengths to avoid it. Many people seem to hope that, if diligently ignored, conflict will conveniently disappear.

Simmering conflict takes its toll not only on individual employees but also on the organization. Documented effects include personnel changes, decreased morale and motivation, decline in productivity, lessening of profits, and worse.

One example is a small advertising firm whose four partners failed to manage the conflicts among them. In its first few years, the agency flourished, expanding its client base, revenues, and staff as its reputation grew. The partners developed a satisfactory division of labor in which each had a balanced portion of clients and defined areas of expertise that they shared across clients and projects. Over time, however, the efforts of the two older partners began to decrease. Both were well off financially, so felt less desire than the other two to continue the expansion of the business. Leisure became a higher priority for them. The other two partners, somewhat younger and still eager for more professional and financial rewards, began to feel that one of the older partners was failing to keep his commitments to joint projects. Harsh words ensued, with the result that the second older partner agreed to accept overall management responsibility. One Monday morning, the three other partners were astonished to discover that, over the weekend, the managing partner had cleaned out his office and left them a letter announcing his departure and proposing a buy-out plan. Within weeks, the other older partner departed equally abruptly, leaving the two younger partners no choice but to liquidate the business.

Clearly, the festering conflict over personal values and agency goals was the fundamental cause of the breakup of the partnership. Conflict avoidance included the unwillingness of all four partners to confront the basic issues, the tendency of the two younger partners to work harder and harder in order to avoid their feelings of being let down, and the desire of the managing partner to please the other three without taking into account the costs of doing so.

All the contributing factors were typical codependent behaviors. The example illustrates how codependence limits possibilities and leads to the stifling of—rather than the management of—conflict. Although all four partners were creative advertisers, they lacked creativity with regard to dealing with their differences and sharing their feelings about those differences.

Communicating and Sharing Information

Everyone recognizes the importance of effective communication. Open systems—and all organizations are open systems, even those that attempt to remain closed—live or die by communication or the lack of it and by their mechanisms for sharing information. Far

too many individuals lack essential communication skills. One of the reasons for lack of such skills is codependence. Codependent behavioral patterns often inhibit development of communication skills and breed reluctance to share information. The behavioral patterns range from the person's desire to maintain control or to avoid bad news to the person's need to suffer in silence or an unwillingness to say "no." The results of such behaviors range from avoidable misunderstandings to serious damage to productivity or joint efforts.

In this era of organizational downsizing and process reengineering, the importance of effective communication and the sharing of information cannot be overemphasized. A cover story in *Fortune* (O'Reilly, 1994) examines the impact of changes such as organizational restructuring on job security and on employee commitment and loyalty. The article reveals that job security, not to mention life-long employment, simply no longer exists for most people. A decade and a half ago, 79 percent of management employees and 75 percent of nonmanagement employees reported their job security to be "good" or "very good." Today those percentages have declined to 55 and 51 respectively. The workplace has become littered with the shattered careers of former colleagues. Most of the people who have been retained are disillusioned.

In times of organizational change, clear and open communication is vital. Although such communication will not restore lost jobs or eliminate pain, it can prevent the alienation and anomie that are consequences of the surprises, manipulations, hidden agendas, broken promises, and lies that typically accompany downsizing and other organizational restructuring. There is little question that direct and open communication, candor, and empathy go a long way toward reducing the pressures on the organization and its members, both those who are leaving and those who are staying.

The upheaval that results from downsizing generates a crucial question among remaining employees: Why should I be loyal to an organization that has demonstrated its lack of loyalty to so many? Clear, honest, and timely communication of accurate information is the most important way to answer this question satisfactorily. It is the task of senior executives, then of managers down the line. If they are unable to perform this task well, employee performance and profitability will suffer accordingly.

Chevron, which has reduced its work force by approximately one-half, is relying on a massive communication effort to improve employee morale. However, says Chevron vice chairman James Sullivan, ". . . it's not easy. Until you try to write about it or talk about it, you don't realize how inept you are" (O'Reilly, 1994, p. 47).

Candor and fairness in employee evaluation are more important in changing circumstances. As teammates participate more frequently in performance evaluations of fellow team members, they need communication skills as much as managers do. Indeed, the proliferation of work teams further underscores the importance of the ability to share information, for it is the basis of team functioning. The limitations that codependence imposes on all aspects of communication create serious impediments for codependent individuals in their work lives.

Building and Maintaining Relationships

High-quality service is value added, whether it accompanies a tangible product or an intangible service. Another *Fortune* cover article (Henkoff, 1994) points out that services have dominated the U.S. economy since early in this century, now accounting for 74 percent of the gross domestic product and 79 percent of all jobs. Building and maintaining relationships is critical to those in the service industry. This applies to relationships with external customers, with internal customers, and with and among employees. Producers of services must attend particularly to the quality of their internal systems and relationships.

Just as many service organizations need to develop new ways of relating to their employees, most also need to reconceptualize their relationships with their existing and potential customers. They must depend on the quality of their front-line employees, the service-delivery force that is responsible for customer relationships. Codependent behaviors such as suppression of feelings, efforts to maintain control, avoidance of commitment, or unwillingness to face unpleasantness are grave impediments to constructive relationships.

Effective communication is a distinctive competence of successful organizations. Representatives of the Progressive Corporation, an automobile-insurance company headquartered in Cleveland, contact 80 percent of their policyholders within nine hours after learning of an accident. Sometimes agents even appear on the scene with the police. Seventy percent of damaged vehicles are inspected within one day, and most damage claims are settled within one week. A generous gain-sharing program and substantial investment in training demonstrates that adjustors and their team leaders are valued employees. Training includes negotiation skills and grief counseling as well as typical insurance topics. CEO Peter Lewis (Henkoff, 1994, p. 51) asserts that “To the extent that auto insurance is a commodity, our biggest differentiator is our people. We want the best people at every level of the company, and we pay at the top of the market.”

While Progressive has been reinventing the relationship between an auto insurer and its policyholders, Taco Bell has reformulated its mission and redesigned its production and management systems. Senior vice president for human resources Charlie Rogers explains: “We’ve changed the way we think about ourselves, moving from a company that prepares food to one that feeds hungry people” (Henkoff, 1994, p. 56). Contracting out basic food preparation to central commissaries enables allocation of more space and more employees to customer service and has eliminated the need for a command-and-control supervisory system. Many Taco Bell outlets are now run by self-directed work teams with no manager on the premises. Employee turnover is lower, and customer satisfaction ratings are higher, than in conventionally run stores.

“The changing nature of customer service demands a new breed of worker—one who is empathetic, flexible, inventive, and able to work with minimal levels of supervision,” proclaims *Fortune* (Henkoff, 1994, p. 48). These characteristics are the

opposite of codependent ones, which illustrates how poorly equipped codependent individuals are to perform effectively in today's changing workplace.

Working Smart

Working smart has become a buzzword in downsized and reengineered organizations. No doubt it initially referred to taking advantage of new technology to become more efficient and productive, but now it can be interpreted more broadly. The crux of working smart is *focus*—focusing one's time, energy, and resources on the tasks at hand. It means setting priorities, putting the human as well as material and financial resources of the organization to good use, and being effective in each of the three areas discussed previously. These are all skills and behavioral patterns that make codependent individuals uncomfortable and which they have failed to develop.

Office Redesign

Some organizations have adopted a way of working smarter that is almost a literal example not only of coloring outside the lines but of redrawing those lines. They have reconceptualized office design—sometimes radically—to aid in accomplishing organizational goals such as more open communication across traditional boundaries. For example, Arnold & Porter, one of the largest and most prestigious law firms in Washington, D.C., has made an intentional effort to disperse its most senior members in different types of offices throughout its building (Haggerty, 1994). Jerre Stead, the new chief executive of AT&T Global Information Solutions, replaced paneled walls and doors in his office with clear glass (Narisetti, 1994). In the new headquarters of Alcoa, the chairman and nine other top executives will work in a cluster of open offices, each consisting of an L-shaped desk with a small table at the short end. This is designed to encourage impromptu meetings and more spontaneous and informal communication. Private executive kitchens will be replaced by a common coffee kitchen and video lounge (Narisetti, 1994).

Not everyone appreciates such office redesign. Some people feel a loss of prestige and privacy. Certainly, not all who feel this way can be considered codependent. Nonetheless, codependents require well-defined boundaries and become anxious in the face of change. Change in office design not only alters the physical environment of the workplace, it also portends more substantive changes in the organizational culture.

PSYCHOLOGICAL FACTORS

Organizational psychologist Harry Levinson (1994) has observed that the real reasons for the failure of many U.S. corporations to adapt to changing economic circumstances are not found in economic factors, organizational charts, outdated product lines, or lack of marketplace agility. The reasons, he asserts, “are fundamentally psychological” (p. 428). Although his list does not include codependence *per se*, it does include items such as guilt, dependence, narcissism, and unconscious repetition of family dynamics—every

one of which is an aspect or sign of codependence. These are the same characteristics that precipitate and exacerbate problems in managing conflict, communicating and sharing information, building and maintaining relationships, and working smart.

In addition to the heightened awareness of these psychological factors and the recognition that all organizations and individuals are vulnerable to them, Levinson's work points out two recommendations for action that are particularly relevant. The first is that depression, as well as physical illness, must be recognized and addressed. Although this does not imply that depression always accompanies codependence, some degree of depression may well emerge over time as a consequence of the effort required to conduct oneself within narrow constraints.

Levinson's second suggestion is the advantage of making room in an organization for "creatively abrasive people . . . those sharp, scratchy, harsh, almost unpleasant guys who see and tell you about things as they really are" (p. 435). These people, who know how to raise uncomfortable questions and deliver bad news constructively, are decidedly not codependent. They manage their own behavior constructively—a skill that codependent individuals have not mastered.

The overall message is that coloring between the lines is simply not good enough any longer. The rapidly changing environment, not only in the United States but throughout the world, will leave behind those who attempt to continue doing things as before. Initiative, personal responsibility, and flexibility have become the order of the day. However uncomfortable change may be—and changing longstanding behavioral patterns is a decidedly uncomfortable and difficult struggle—for codependent individuals, it is becoming increasingly necessary.

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■ FAMILY SYSTEMS AND ORGANIZATIONS

Wes G. Darou

Abstract: Because family systems and organizational systems have many similarities, interventions that work in one setting may be useful in the other. This article explores the components of systems: subsystems, feedback loops, alliances, circularity, system problems, enmeshment, life cycles, rules, roles, myths, and rites. It describes the ways in which family systems and organizational systems are similar.

The article then describes several interventions developed in family therapy and tells how these can be used effectively in organization development work. The interventions include the following: evaluation, joining, expanding the system, blending units, circular questioning, detriangulation, eliminating secrets, managing resistance, contracting, positive reframing, restructuring, and paradoxical intent. An example is given of an organizational intervention of blending units.

Many striking similarities exist between families and organizations. Both are systems, both have hierarchies, both have less powerful members, both have conflict, and both have scapegoats. Several powerful interventions have been developed to allow family therapists to better help families; these interventions can be used by organization development practitioners to help work groups and organizations.

Methods for improving a system, be it familial or organizational, all make use of the basic skills practiced by human resource development (HRD) professionals, such as verbal following, empathy, selfdisclosure, facilitation, and empowerment.

COMPONENTS OF SYSTEMS

All systems consist of certain components, including subsystems, feedback loops, alliances, circularity, system problems, enmeshment, life cycles, rules, roles, myths, and rites.

Subsystems

A system is made up of subsystems. The boundaries between these subsystems may be normal, too diffuse, too rigid, or too variable. Sexual harassment is an example of a more powerful person failing to respect a boundary between him or her and a subordinate. The failure of interdependent work groups to exchange information may be a result of too rigid boundaries.

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Feedback Loops

In systems theory, feedback means measuring outputs and communicating the results back to the system for correction. A performance appraisal is an example of a feedback loop; it is especially effective if the subordinate has input, as well as the supervisor.

Alliances

Alliances are the building blocks of subsystems. Relationships between people can be positive, conflictual, enmeshed, distant, too tight, and so on. Bosses can be overinvolved with their staff members or too distant from them.

Circularity

Feedback loops affect outputs. The outputs then cycle back through the system. When this happens repeatedly, it is known as circularity. Circularity is constructive if the feedback increasingly improves the outputs, but it can be negative too. For example, two managers do not like each other. To avoid real contact they engage in criticizing one employee. The managers work hard to agree on this problem so that they can find some way to get along. This allows them to avoid their real conflicts. Needless to say, neither manager takes steps to improve the employee's performance, because that would destroy the basis of their artificial relationship.

System Problems

If one employee in a group is troubled, systems theory would not consider him or her to be the "problem," but the "identified client" (IC). This implies that the real problem or the real client is some aspect of the group or system itself. The real task of the consultant is to accurately identify the underlying system problem.

Enmeshment

A system can come to a halt if there are problems with feedback and regulation. Traffic systems in large cities come to halt because of gridlock. Similarly, teams may become inflexible because individuals or subsystems become "enmeshed" with one another. People or groups become overinvolved, and their relationships, communication, and ways of handling conflict become deadlocked.

Life Cycles

A great deal has been written about family and organizational life cycles. The organizational life cycle proposed by Ackerman (1985) has six stages: birth, growth, plateau, chaos, death, and reemergence. Ackerman suggests transforming the organization when it is in its plateau stage, despite the fact that it is then at its peak. She says that if you encourage transformation at that point (with its accompanying loss of

efficiency) the stages of chaos and death will be less drastic, and the reborn organization will be stronger.

Rules

Systems can develop important informal rules. In a family, a rule might be “The children come first”; in an organization, a rule might be “Don’t say you can’t do it; say how it can be done.” The personal values of important members of the system often become converted into unspoken rules for all to follow.

Roles

In a family or work group, members play different roles based on their interests, abilities, and power. Some of the typical group roles that have been identified include leader, initiator, follower, gatekeeper, timekeeper, resource finder, mediator, information seeker, elaborator, evaluator, procedural technician, and implementer. In a group that is dysfunctional or in which the leader is the identified client, certain unhealthy roles tend to emerge, including scapegoat, angel, chief enabler, junior enabler, invalid, and mascot.

Myths

When rules take on near-religious significance, they become myths. The myth of harmony reflects avoidance (“We have no conflict in our organization”). Other myths such as “the manager is always right” enable scapegoating and lack of responsibility.

Rites

Some typical rites are those of passage, union, and life cycle. Rites often incorporate hidden goals, culture, symbols, and messages. Rites are part of many organizational functions, including reward and recognition programs, retirement (e.g., the gold watch), staff retreats, presentations, and office parties.

FAMILIES AND ORGANIZATIONS

Organizations, like families, have many different characteristics, including distinct cultures, histories, patterns of formal and informal communication, types of groups and subgroups, roles, norms, power structures and struggles, conflicts, intergroup dynamics, enabling, secrets, myths, fears, expectations, and goals.

Individual members of organizations also have many of these characteristics. Conflicts and dysfunctional behavior can arise when individuals interact with other individuals or the system. Dysfunctional behavior or dysfunctional systems can cause substantial pain to the people involved.

Organizations and families differ in some ways. It generally is easier for a person to leave an organization than it is to leave a family. The power in an organization can rest outside the organization (i.e., in a parent company). In terms of structure, the hierarchy

is smaller in a family, and there are adults even at the lowest levels of an organization. Nevertheless, certain interventions designed originally for family systems have proven to be useful in working with organizations.

INTERVENTIONS

An intervenor should remain neutral and nonjudgmental. This may be difficult, for example, in a case of sexual harassment. Nonetheless, staying neutral is crucial; if an identified client feels that the intervention was fair, he or she may later ask for help in changing undesirable behaviors.

Some techniques that are applicable to both families and organizations are as follows:

- Empathy;
- Mirroring;
- Support;
- Use of mentors, advocates, and supporters;
- Negotiation for change;
- Demystification and destruction of myths;
- Value clarification;
- Facing troublesome stimuli;
- Participatory approaches;
- Analysis of structure and communication; and
- Analysis of history.

The interventions that follow are listed in order of intrusiveness. The first methods can be used in all circumstances, but later methods should be used with great care.

Evaluation

The goal of an organizational evaluation is to determine the “system” problem. Only then can an appropriate contract for intervention be made with the group. Some typical system problems in family therapy are grieving, boundary contamination, loss, pathological secrets, unresolved conflict, and historical modeling.

After an introductory activity to reduce anxiety, one can ask the following questions:

- What are the boundaries?
- What (or who) is the presenting problem? (Who is the IC?)
- How are the problems being coped with now?

- Why are the coping mechanisms not working?
- When did the problem start and what is its life cycle?
- What was the precipitating event?
- How can the problem be restated as a systems issue?
- What can I do to help right now?

For the most part, these are the same kinds of questions an OD professional would ask. They are all designed to lead to the question “How can the problem be restated as a systems issue?”

Joining

Interventions can be made to encourage a group to accept an outside helper and to mobilize its own constructive change. The use of empathy and positive feedback are particularly useful in such interventions.¹

Expanding the System

After joining successfully, a good technique for breaking enmeshment is to expand the system. This is done by standing back from the system and linking it with other subsystems around it. In an enmeshed family, other subsystems are in-laws, grandparents, and neighbors. One might ask, for example, “Would you mind asking your neighbors how they handled their son at that age?”

Korner (1986) provides an example of expanding the system in a psychiatric hospital. In most hospitals there is an administrative hierarchy that works in parallel to the medical hierarchy (because a doctor will not report to a mere M.B.A.). In this particular hospital, the medical side was trying to set up an electroconvulsive shock therapy (ECT) program. It was proceeding aggressively, without consideration for other services, and displacing existing resources. To get around this, an administrative department head expanded the system. He first pointed out how important it was to have an ECT unit in the hospital. Next he recommended that an interdisciplinary committee be set up to study how to best implement the program. In this way, those who supported the program and those who were adversely affected by it could work together to achieve their goals.

¹ For example, a manager asked a trainer to lead her staff in a certain team-building activity that used instrumentation. Staff members expressed concern about sharing the data with the manager and did not trust the manager’s reaction if they elected not to share their test results. Clearly the issue was not team building, but a deeper system issue of boundaries and real trust versus phony trust. For the team-building session, the trainer used trust activities instead of instrumentation and depended heavily on empathy for all parties and encouragement to allow the staff to gently prick the manager’s bubble of unrealistic expectations.

Blending Units

Most of the problems found in blended families can be found in merged organizations. These problems include mixed-up roles, existence of ghosts and scars, grieving, loyalty to biological (or corporate) parent, jealousy, clash of cultural norms, and invasion of physical territory. Appropriate interventions include reducing stress, improving communication, consolidating the new unit, relabeling in a positive manner (e.g., as a merger rather than a takeover), acknowledging the positives, establishing intergroup networks, physically moving to a neutral territory, eliminating blaming, making sure that the employees' needs are met first after the join is completed, and getting rid of skeletons and cobwebs.

Circular Questioning

This is also called "round robin." One person in the group is asked to comment on the last thing that was said, then the next person to the left is asked to comment, then the next person, and so on until each member has contributed. Nothing works better to involve all members.

Another version of this is to ask one person to comment on what was said, then to ask the next person to comment on the comment. Ask the next person to comment on the new comment, and so on. This is very useful for getting past surface details, exploring the group's communication processes (especially metacommunication), and discovering hidden agendas.

Detriangulation

Triangulation occurs when people believe that they cannot communicate openly. Triangles can occur when two allies gang up on a third person or when an alliance is made in the belief that "my enemy's enemy is my friend." A triangle can also be a problem when three people are close friends because they can become enmeshed.

In organizations, triangulation usually is a defense against an unbalanced management system. If employees' lines of communication are thwarted, they will build new ones. Even if these alliances have only a negative purpose, at least the people involved feel that they are accepted somewhere. When management is open and nonblaming, there is no need to set up triangles.

Some people are very skilled in setting others up for conflict through triangles; other people are very skilled in stopping triangles. Group members can be taught to refuse to engage in or listen to gossip about a third party. They also can be taught to check out rumors in the presence of all parties. To break down triangles, the consultant must encourage people to listen to each other, to talk in the larger group, and to protest (sometimes in silence). Such techniques provide a breath of fresh air in a muddled group.

Eliminating Secrets

Effective group work and management may require greater openness than is normal or comfortable for some people. However, it can be very powerful for a work group to discover the hidden agendas of the members, the manager, and the organization.

Of course, in any organization, there are technical secrets and personal information that require protection. The great majority of secrets, however, are best exposed, even if they cause a little embarrassment to the people in power. A feeling of honesty and openness is one of the greatest motivators toward cooperation and mutual effort. Conversely, when employees feel that secrets are being kept from them, they become suspicious, demoralized, and demotivated.

Reducing the level of secrets in an organization is a large and complicated intervention. It involves a sincere commitment from senior management to reduce levels of power motivation and may be part of a bigger project of renewing organizational values. Once commitment has been established, however, a lot can be done at the small-group level to reduce secrets. One method of intervention begins with a general discussion about secrets. The participants then are asked about the secrets they keep, what it does for them to keep secrets, and what it does to them to keep secrets. Finally, they share secrets. The goal of the exercise is to show that information is power, but it is power only when it is shared.

Managing Resistance

For the people within a system that is undergoing change, resistance is a healthy response to changes with unknown consequences. Therefore, resistance to change should be expected and treated with respect.

Resistance may result from lack of information. Careful preparation and keeping people informed of the reasons for the changes, the actual changes that will occur, and the expected results can help to turn resisters into allies. Frequently, examination of the resistance provides clues about what training is still needed.

Resistance can take many forms, including scapegoating, cancellations, denial of problems, silence, intellectualization, infighting, and renegotiating of the contract. The general approach is to simply label resistance for what it is and then discuss it. Some specific approaches include:

- Educating those involved about what to expect;
- Listening and agreeing with any points that are valid;
- Not pushing too hard;
- Thanking the resistor for his or her contribution;
- Giving the person permission to resist (it is not nearly as much fun when you have permission);
- Inventing a myth (“We are doing this to . . .”);

- Responding to intellectualizations with intellectual arguments;
- Appealing to authority or quoting studies;
- Using metaphors (“The U.S. versus the U.S.S.R.: does it matter today who started it?”);
- Providing training on win/win conflict resolution;
- Asking a third party to comment;
- In the face of hostility, being blunt—cutting through arguments;
- Relabeling hostility as caring about the organization;
- Insisting that speakers use “I” statements (“I think,” “I feel”), rather than “we”;
- Establishing a “no escalation clause” (no one will escalate conflict when it occurs);
- Challenging the speaker to select one issue and stick to it;
- Not listening to “secrets”; and
- Asking that people try something for a week.

Contracting

Contracting between pairs of participants in an intervention to help each other or consult with each other on post-intervention tasks can be particularly useful. The focus of the task assignments should be on dealing constructively with current situations. Some examples of tasks are listing job functions, finding relevant information, conducting a particular meeting, and preparing an outline for a training event.

Some guidelines for contracting are:

- Choose tasks that are guaranteed to succeed.
- Choose tasks that are behavioral and concrete enough so they can be clearly understood and easily evaluated.
- Select tasks that are meaningful and important to everyone involved.
- Do not assign more than three tasks at a time.
- Design tasks to increase positive behaviors rather than to try to stop negative ones.
- Design tasks that involve participants in an interdependent way.

Positive Reframing

Reframing means looking for the positive in negative behavior. This often helps a person to effect a shift in behavior from negative to positive. In other cases, it may defuse the negative behavior. When a person holds on to a negative behavior, there is

almost always some payoff for the behavior. To reframe it, one might say, for example, “It’s a good thing that you get in trouble all the time. Trying to solve your problems is what keeps this team together.” The employee is then in an awkward situation if he or she is trying to be difficult, not helpful. Similarly, if employees are complaining that the boss is too laissez-faire, one can point out that this is what enables them to be delegated such interesting work. Other examples of positive reframing already mentioned are relabeling hostility as caring and relabeling resistance as lack of knowledge.

Of course, some behaviors, such as harassment or untoward threats, should not be reframed and should be dealt with appropriately.

Restructuring

Restructuring refers to any act in which people are physically moved around. In one meeting, two warring parties sat facing one another at a table. The consultant rearranged their seating to be alternating and in a circle. If they had been sitting alternately, the consultant might have had them sit on the opposite sides of the table. Restructuring can be risky because there are often unpredictable outcomes, including opening up situations that are unknown or well hidden.

Paradoxical Intent

A paradox is a self-contradictory or even absurd situation that causes the target person to stand back and look at the situation from a completely different perspective. This technique is also called the therapeutic double bind or prescribing the symptom. It is a last resort, but a very effective way of breaking enmeshment. A famous therapist once told hypervigilant parents that their son, who had just had a nervous breakdown, spent most of his time secretly doing good things behind their backs. They immediately changed their focus and started trying to catch him being good. He recovered very soon after that.

In other situations, a trainer who has heard a number of serious grievances about a manager might take that person aside and say, “I am about to do you a great favor,” before disclosing the complaints. This enables the person to begin looking at the problem from a distance rather than immediately becoming defensive.

Paradox is a complicated technique, and a complete explanation is beyond the scope of this article. The reader is referred to Watzlawick, Weakland, & Jackson (1967) and Selvini-Palazzoli, Boscolo, Cecchin, & Prata (1978) for excellent descriptions of the subject. For some people, it is a very natural technique; Indian elders use it frequently and with great humor. Although the technique can backfire, it can change situations that cannot be changed otherwise.

EXAMPLE

Four senior accounting clerks were decentralized from the accounting department to a program department. There were already twelve program clerks in the department. The move was to be a prototype for the whole company.

A certain amount of jealousy was expected because the senior accounting clerks were paid more than the program clerks. Also, a program manager was to be selected, and the program clerks were afraid of the competition from the accounting clerks. Their manager told them “not to worry.”

Everything went well for a while. Then all the clerks met to plan training sessions. The meeting degenerated and ended with the two groups yelling at each other. Afterward, everyone felt embarrassed.

The consultant realized that the situation was similar to a blended family or adoption. The myth was that the clerks should all function as one happy unit. All the clerks need some time to grieve for the loss of their old, familiar work units and security.

The manager needed to be more specific about the job competition. Nothing makes people worry more than telling them not to worry.

There was also the possibility of scapegoating. For scapegoating to be maintained, the manager must inadvertently support it. For it to end, the manager must set limits, reduce the level of criticism, back up the scapegoats when they are being wrongly criticized, focus on measurable outcomes instead of personalities, and reward cooperation.

Meetings were conducted for the two groups to share their fears and concerns. Each group described some of its old ways of doing things that were important to it. Suggestions also were made for new ways of doing things that would be acceptable to both groups and that might help the situation.

CONCLUSION

Family therapy and organization development come from the same roots and basically follow the same principles. The methods developed in family therapy in the last twenty years can be transferred from family systems to work systems. This perspective can give organization development professionals a new way of looking at and dealing with some old problems.

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■ ORGANIZATIONAL MODELS IN EVOLUTION

Robert Schneider and Pierre Collette

Abstract: In the past hundred years, businesses have faced three different crises. At the turn of the century, the industrial revolution led to standardization. In the 1950s and 1960s, the increased spread of information led to a change in work conditions, but no attempt was made to deal with the external environment or to change the organizational model. Beginning in the 1980s and still continuing, the third crisis is characterized by decreased production, the shattering of the client base, worker alienation, and a constant state of disequilibrium. To address this crisis, organizations must rethink the structure of and logic behind current models of management and organization.

Most organizations use a “bureaucratic model,” which stresses standardization and hierarchy and is well-suited to a stable and predictable environment; the current environment, however, is neither. The authors propose an alternative model based on a new “organicist” paradigm in which structure is secondary to function. They describe eleven characteristics of an organicist organization, which allow the organization to be open, functional, flexible, and to increase the flow of information.

This article attempts to explain the basic difficulties posed by existing organizational models and to describe some of the characteristics appropriate to organizations of the future. Most other attempts to do this have been flawed. The most popular models proposed have sought to improve communication practices, to enrich information-management systems, to make managers more accountable, or to mend the fabric of intergroup relations. Such models do not address the roots of the malaise that many large organizations are now experiencing.

The crisis that occurred at the beginning of the 1980s was the result of a combination of factors that call into question the way we think about and approach organizations. The malaise that organizations are currently experiencing is not necessarily the result of inadequate management; it has been brought about by an organizational system that is no longer appropriate and that is no longer able to produce truly corrective measures.

It is no longer enough to look for a new organizational veneer; rather, the dynamics are on the level of the paradigm. Because traditional models have failed to generate ways to mobilize organizations, we must turn away from the traditions of the past and seek innovative visions that are appropriate to the present. The research that prompted this article is an attempt to do just that.

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THE CURRENT CRISIS FACING ORGANIZATIONS

For the third time in less than one hundred years, North American companies are experiencing a crisis that invites them to rethink the basis of their orientations, as well as the basis of their operations. In order to understand this third crisis, we will examine the nature of the two preceding crises.

First Crisis

The first crisis occurred at the beginning of this century, following the transformation of manufacturing processes. Before the industrial revolution, organizations had operated on the cottage-industry model. The accepted mechanism of integration within organizations was mutual adjustment; decisions were reached and problems were resolved on the basis of experience.

These practices are outdated today, but it is important to understand that traditional businesses were conceived on the basis of references and models that are very different from those that exist today. Markets and sources of supply were mainly local; human resources, sources of financing, and even the manufacturing processes usually came from the local community. Companies operated in a known environment that was very personalized, the demand was fairly stable, and ongoing relations developed with users and suppliers. Up to a certain point, traditional companies were centers around which small communities revolved.

The industrial revolution upset this balance. By introducing more economical means of production, it drastically reduced unit costs and increased levels of supply and demand. Moreover, since the industrial infrastructures entailed high levels of investment, small local businesses were gradually (sometimes rapidly) replaced by large complexes that could produce comparable goods for lower prices. Little by little, production became concentrated in certain locations, and the personalized character of local organizations gave way to impersonal relations. In a few years, “Fred’s Hammers” was replaced by “Dominion Bridge Tools.”

The new companies had to set themselves up in a relatively unknown situation. Their management had been conceived in a context of ongoing personal relations, yet, once established, it had to operate in a context of large groups, where it had little direct contact with its clients and had to use heavier technologies. Uncertainty thus replaced the certainty that had been characteristic of traditional companies. Something had to be done, and one of the main responses was to switch from a system of mutual adjustment to standardization.

From that point forward, integration was accomplished by means of standardized protocols that specified precisely the content and methods of production. It thus became possible to integrate the activities of a large group, to predict behavior, to reduce the risk of discretionary interpretation, and to incorporate the main constraints of technology without any of the players having to deal with one another. Protocols took the place of relations.

With time, this depersonalization spread throughout organizations, affecting relations between workers and their products. The production of goods was broken down into small, definite steps, and individual workers carried out these steps. With the new technology and the increased size of companies, such segmentation appeared to be the only way to guarantee efficiency and control.

Thus, organizations reacted to this first crisis by completely reorienting the content and form of their internal and external transactions. For the first time in history, organizations became centers of production that were cut off from their surroundings and designed to be impersonal in their relations with clients, other members of the system, and the finished product itself. This model of management profoundly marked the history of organizations, and today the majority of systems operate this way.

Second Crisis

The second crisis began in the early 1950s and took shape in the 1960s. Whereas the first crisis had been technological in nature, the second one was cultural. The factors that most affected organizations were the changes in the field of information. It was a period of opening up to the outside, and newness was often valued for its own sake.

It was also a time when organizations were under a great deal of pressure to change internally. Members of the baby-boom generation were entering the work force. They were educated, political, and assertive. They had been taught to be critical, they were nationalists, and they understood operational research. For the first time in many years, workers had the resources to participate directly in the formulation of policy and strategies—and they demanded the right to do so.

Organizations did not know how to deal with this phenomenon. They had been operating within a predictable framework based on standard models. They had to learn to come to terms rapidly with an increasingly complex environment, with a labor force whose behavior and loyalty were no longer predictable, and with an increasingly demanding and critical market.

Under different circumstances, the inappropriateness of the traditional models could have caused organizations to collapse. However, demand was growing to such an extent that organizations were not forced to reevaluate the basis of their orientations. Because the times were plentiful, shocks could be absorbed. Organizations merely reviewed their processes. Among other steps, they allowed workers to participate more directly in organizational decision making, to work in less alienating conditions, and to share in company profits.

In other words, organizations reacted to the second crisis by adapting working conditions in order to reconcile the workers' demands with the organization's logic—which emerged relatively unchanged. In fact, organizations remained sites of standardized production, operating on the basis of concentrated locations, according to the principle of maximization.

The current crisis illustrates how insufficient these steps were. By trying to stabilize their internal environment, organizations neglected to deal with their relations with the external environment and to rethink the principles underlying their means of operation.

However, the crisis of the 1960s called into question not only the nature of the means of production but also the structure of demand. Individual identities, differences, and inequalities began to be recognized. There was talk of regionalization, decentralization, and community involvement in management. People began to ask whether the concept and structure of mass behavior should be replaced by more individualized standards. Also called into question were the concentrations of power typical of industrial structures and even the basis of managerial orientation: the principle of maximization.

Two factors kept the situation from forcing organizations to rethink their orientations. They were both economic factors.

Public Funds

The first factor was the pace of the economy. There was a considerable increase in governmental intervention in the economy. The massive injection of public funds helped to increase demand rapidly, in particular by stimulating the creation of megaprojects whose implementation involved a number of new technologies (engineering, chemistry, electronics, nuclear sciences, etc.).

This resulted in a stimulation of supply and a rapid growth in levels of production, producers, and production models. Some economists say this growth was artificial; there was no incentive for companies to question their methods of production. The prosperity of those years allowed weaknesses to be tolerated.

Dismissal of Protests

The second factor was that most of those who were calling for change were operating from relatively questionable standpoints. Most of them belonged to groups that were directly or indirectly financed by the government, so they were representing and protesting the same entity. They were making demands in the name of clients or groups to which they no longer belonged. Their aspirations were contradictory, they were quickly discredited, and organizations remained as they were.

These two phenomena (the injection of public funds and the dismissal of protests) delayed the realization that the prevailing organizational structure was no longer appropriate. A third crisis had to take place in order for the problem to be recognized.

Third Crisis

The third crisis began in the early 1980s and still exists. This crisis is most often associated with the sudden increase in oil prices; however, the price of oil played a secondary role in its development. The industrial countries had already begun to lose ground to new players (Japan, Brazil, China, and some African countries); much

industrial equipment was outdated; the search for new products and new processes was inadequate; most business strategies were based on the assumption of a captive base of clients; and government was interfering more and more in market dynamics (creation of cartels, tariffs, regulations, production of goods, etc.). Each one of these factors could have contributed to a slump in economic activity.

In order to understand why the third crisis is still with us, we must examine how it has manifested in organizations, how people are reacting to it, and what effects their reactions are having.

THE MANIFESTATIONS OF THE CURRENT CRISIS

It is difficult to describe the specific manifestations of the third crisis, which entails a deep-seated phenomenon that involves much more than accounting structures or the economics of production. This section examines four phenomena that characterize the crisis: a substantial drop in levels of production; a shattering of the client base; the alienation of workers; and a state of disequilibrium within systems.

The Drop in Levels of Production

Since the 1980s a large number of organizations have been operating at much lower levels of production than they previously had. In some cases this drop has even changed the status of the company, which has had to cut back on its resources and concentrate its production sites and target markets. A variety of factors account for this situation; this section examines two of them.

Supply Structure

One factor is the supply structure. The means of production have become more simplified and more accessible, information and wealth are now much more widespread, and the result is a large increase in the number of producers. The supply structure is much less concentrated. This phenomenon can be seen on a national and international scale.

The free-trade agreement between the United States and Canada and Mexico can only reinforce this trend. The increased number of producers has resulted in the availability of a diversified range of goods and services, so a large number of original producers have had to turn to other targets.

Structure of Demand

The second factor involves the structure of demand. In the past fifty years, North American society has experienced a significant increase in its standard of living. As wealth and resources were shared more widely, demand grew. It is likely that North America has now reached a plateau of consumption, because demand is no longer

growing. Henceforth it is a question of maintaining demand, and it is normal in this context that levels of absolute growth be reduced.

Some of the resources that had been required during the period of growth were freed up, resulting in chronic unemployment. Because most organizations were not prepared for these sudden changes, a sort of depressed state has resulted, and it continues to characterize the operation of a large number of enterprises.

The Shattering of the Client Base

The shattering of the client base has played a critical role in the current crisis. Consumers are much more critical in their relations with organizations, the content of products, modes of production, and the behavior of producers. Producers are now obliged to respond to explicit demands (concerning quality, environmental friendliness, sources of raw materials, price, ethics, etc.) or run the risk of losing their customers.

Not only has the form of demand changed; so has its content. In *The Third Wave*, Alvin Toffler (1984) summarizes this phenomenon by using the term *de-massification*. Unlike the situation at the middle of the century, demand is increasingly shaped to suit the specific requirements of consumers.

Organizations that have not been able to adapt (even organizations that are in a monopoly situation with a captive customer base) are seeing their customers desert them for alternative markets.

The Alienation of Workers

The current crisis has affected relations within organizations. Called into question are the traditional relations between management and the workers. This decrease in solidarity has expressed itself in a variety of ways: a significant drop in levels of motivation; difficulty in mobilizing people; a substantial increase in absenteeism; a large and chronic increase in demands; a loss of recognition of authority; and the almost systematic polarization of relations in attempts to introduce changes.

This is comparable to the change that has taken place in the external environment. Employees have become more critical; they are demanding that their work be more personalized; they are seeking more direct control over the organization's means of production; and they are questioning more and more the operation and range of organized activities.

Organizations can no longer take workers for granted. Even in a fragile economy, where many people consider having a job to be a privilege, many workers attempt to redefine the basis of their association with their organizations. The recession in the early 1980s might have only slowed down the resolution of this new tension. It neither absorbed nor resolved it.

The State of Disequilibrium

For a management consultant, a crisis is an indication that adjustments need to be made. If properly handled, it can be a rich source of learning and development. Under normal conditions, a crisis can lead to the development of an alternative scenario for operations. When the alternative is implemented, the organization regains its earlier pace or at least a new state of equilibrium in which a minimum of stability can be reestablished.

However, this applies only when the crisis is based on elements that do not challenge the foundations of the organization—its purpose, its structure, its strategic orientation, or its strategic organization. Otherwise, the crisis intensifies and settles in the systems. In that case, the entire organization must be rethought from top to bottom.

This is the situation in which a growing number of organizations are finding themselves. What many see as a frantic need for change is simply a manifestation of this search for equilibrium. This instability is neither a passing fancy nor a simple desire for something new; it is the result of an awareness that the prevailing model and the environment are not suited to one another.

MODELS AND PARADIGMS

Many of the common reactions to the third crisis do not deal with the real issues. They reflect the traditional way of thinking and simply vary or adjust the existing scenarios. Some measures try to protect markets; others try to support production costs; and others seek to restore traditional internal relations.

In general, there has been no in-depth transformation of the means of production. The worker remains a very controlled player who must work within parameters that are largely defined from above, within a standardized and impersonal framework.

If this course of events is to be changed, the structure of and the logic behind the prevailing models of management and organization will have to be rethought. Many of the models that are currently being developed will probably also have to be readjusted. The model on which most large organizations are currently based is the bureaucratic model.

The Bureaucratic Model

One of the principal characteristics of the bureaucratic model is the standardization of organizational practices. The bureaucratic logic tries to simplify and control mass processes—an effective approach in a predictable and undiversified situation.

Another characteristic of the bureaucratic model is that it favors a legalistic style of relation. Relations are hierarchical, fixed, formalized, and often mechanical. In many organizations, channels of communication are defined on the basis of procedural and mechanical considerations, rather than operational ones (Weber, 1971). Principles governing the definition of units of authority and the configuration of services are based on mechanistic thinking (Fayol, 1962).

Another characteristic of the bureaucratic model is that it regulates behavior and processes. Emphasis is placed on the use of rules and procedures. Results are also considered to be important, but the control mechanisms usually concentrate on the behavior of people in the organization.

This model promotes stability and constancy. Its symbols and mechanisms often reflect the desire to ensure that organizational and environmental components are predictable and standardized.

Another characteristic involves integrating mechanisms. Coordination usually takes place vertically, most often from the top to the bottom. Decisions are made on the basis of authority, and this legalistic approach favors resorting to arbitration. Interdependence between subsystems is limited and subject to rules that restrict the flow of information.

The bureaucratic model is suited to stable and predictable environments in which goods and services are relatively stereotyped. However, in situations that do not fit this description, this model results in major dysfunctions. As the majority of organizations are now working in situations that are unstable and unpredictable, both internally and externally, they are liable to run into numerous difficulties if they continue to be based on bureaucratic thinking.

The Mechanistic-Cartesian Paradigm

The bureaucratic model is based on the “mechanistic-Cartesian” paradigm adopted by Western society in recent centuries. Fritjof Capra (1982) dates the emergence of this paradigm with the development of mechanical physics and Cartesian thinking.

In the bureaucratic vision, the organization is seen as a piece of machinery whose gears have to be synchronized in order for a given output to be produced. The organizational chart illustrates the general workings of the machine. Procedures and regulations are equivalent to an operator’s manual for the machine. The organization’s operation is generally characterized by centralized decision making; the rest of the organization is perceived as a series of mechanisms that carry out decisions made at the top.

Maintenance operations consist of oiling squeaky wheels and ensuring that the gear mechanism stays in good shape. Every person and every operation is seen as a piece of the machine; if the machine breaks down, all that needs to be done is to find the defective piece and fix it or replace it, so that the machine can start running again.

From the 1950s to the 1980s, many organizations experienced considerable growth. In general, the more they grew, the more they strove to refine the machine. The result was often organizations that were heavy, slow, inefficient, and poorly adapted. To use Watzlawick’s (1976) expression, the organizations did “more of the same thing rather than doing something else” in an attempt to adapt.

Modern biology has taught us that human organisms are more than simple mechanical structures; they are organic systems. Organisms continually adapt to their environment; they are made up of multiple subsystems that are constantly interdependent and that influence one another mutually. This interdependence of

subsystems is maintained by numerous and complex communication flows, and the health of the organism is not expressed in static terms but by a semistable state of equilibrium.

Capra (1982) describes how the same realization occurred in physics and how a new paradigm opened the door for numerous discoveries. The same is true with respect to organizations.

A CHANGE OF PARADIGM

Organizations must go beyond cosmetic changes if they are to succeed in changing their natures. To change the referential framework that they use to understand reality, they must first change their paradigm (i.e., the way in which they perceive reality).

The paradigm proposed can be called *organicist*, to draw attention to the dynamic and polymorphic character of the approach, not to imply that organizations should be considered living systems.

In the organicist paradigm, structure is secondary to function. Structure is not determined *a priori* and responds to the need to adapt to both external and internal pressures. Thus, there is much originality in the system's configuration.

Emphasis is placed not on internal processes or external pressures, but on the nature of each and on their interactions. As a result, the regulating mechanisms responsible for promoting harmonious interactions between the environment and the organization are of crucial importance (Mintzberg, 1979).

The organicist paradigm suggests relatively fluid and sustained interaction between the system and its environment; it is concerned with flexibility, adaptability, and sensitivity, linked with a sharp sense of function and specificity. The organicist paradigm is also characterized by a tolerance for instability, accompanied by a constant search for equilibrium (Burns & Stalker, 1961).

TOWARD ALTERNATIVE MODELS

This section sets out eleven proposals describing eleven aspects of a model of an organicist organization. These proposals are not purely theoretical hypotheses; they were developed through contact with many different organizations and are the result of a research-action approach. The proposals do not describe one alternative model. Rather, these are features to incorporate in the formulation of new models based on an organicist paradigm. They can be adjusted to suit organizations that produce nonstandardized goods or services in an unstable and unpredictable environment.

1. A Configuration Shaped by the Environment

Most traditional organizations have a structure in which the division of operations or units of production is determined by the characteristics or constraints of the

organization's technology; for example, there might be a research division, a purchasing division, a production section, a shipping division, etc. (Mintzberg, 1979).

When the environment is unpredictable, this type of structure is inappropriate, because it does not allow the organization to receive or process signals from the environment. The organization needs to increase its ability to read such signals and to gather and process the information.

To accomplish this, the organization must design its structure not on the basis of its technology but on the basis of its external environment. Segmentation must be based on target clientele or markets, products, or territory served. More precisely, the mechanistic approach must be replaced by an approach rooted in the milieu, on the basis of clients, products, or territories.

This type of structure poses major difficulties, particularly on the level of integration and excellence, but it is an essential condition that future organizations will not be able to avoid as markets break up. The following example illustrates this type of structure:

A psychiatric hospital moved from a model in which services were divided according to disciplines to an approach in which services are organized on the basis of the patients (children, young people, adults, the elderly). Every team includes all the services and professionals needed to serve a specific group of patients. Integrated *networks* of services are created.

Each network has an advisory group composed of representatives from the outside who work with the hospital teams on an ongoing basis and who are familiar with the changing needs of the patients.

2. Functional Coordination

Because of the dynamics of subsystems that interact with one another, coordination mechanisms must be developed. In the mechanistic vision, these mechanisms tend to be hierarchical, whereas in an organicist vision, coordination is, above all, functional. The more numerous the exchanges between subsystems, the more important it is to increase coordination mechanisms and to organize them so that they are located near the centers of action and designed to meet their needs (Landier, 1987). These coordination mechanisms are often temporary and remain in place only long enough to meet the needs of situations. Once they are no longer required, they are replaced by others.

Coordination that is functional rather than hierarchical does not eliminate the exercise of authority. Rather, authority is used in a different way, and its legitimacy must be based on situational competence. The following example illustrates functional coordination:

A public utility company regrouped its services on a territorial basis. Most of the corporate services (engineering, accounting, research and development) were decentralized to the regional level to ensure that their approaches were adapted as much as possible to the conditions in the regions.

The decision was made to set up a new technology (the regulation of PCBs), which affected all the regional services. Management of this operation was assumed by a small, temporary group of

representatives from within the organization on the basis of their expertise and experience. Because the engineer in a particular region was already interested in this question and had carried out a number of conclusive experiments on it, he was asked to take charge of coordinating the work and was assigned supplementary resources so that he could direct the operation from his region.

3. *Small and Flexible Units*

Most traditional organizations have concentrated their production sites, because of technological pressures and the resulting economies of scale. Although this approach has been debated for many years, it can be effective if the external environment remains predictable. The organization can understand market conditions, develop a suitable means and content of production, and periodically ensure that these factors are kept up to date. In such circumstances, it would not be necessary or useful to restructure (Mintzberg, 1979).

In an unpredictable environment, this model quickly proves inappropriate. The more that markets are divided and the more that customers are diversified, the less it is possible for the organization to operate with a centralized technostructure that standardizes the content and means of production. Instead, many decisions must be decentralized within the organization so they can reflect as closely as possible the nuances and needs particular to each situation. The more the structure of demand shatters, the more the structure of supply must also shatter (Toffler, 1984).

This means that centralized technostructures will give way to middle-line units redefined on the basis of markets, customers, or territories. The result should be functional units that are smaller, closer to their users, and more autonomous, so that they are able to adapt more quickly and more simply to changes in demand.

This option creates challenges, particularly with respect to the coordination of decisions and actions and with respect to quality.

The following illustrates the small and flexible unit:

Faced with the need to expand the range of their services in order to preserve their share of the market, and not having the material and financial resources to undertake this expansion, two credit unions decided to form a partnership in order to recruit specialized resources to be shared and jointly finance the setting up of three new service points on the fringes of their territory. This would involve breaking into a very promising market that neither had been able to penetrate previously.

The two institutions created a joint committee to set up and maintain the joint resources. Within each service point, a local board was created, composed of representatives of the principal centers of interest. These boards identify needs and opportunities and evaluate services.

Rather than creating a macrostructure to encompass the services and operations of both organizations, the credit unions retain relative autonomy. The new service points are small and firmly rooted in their individual environments.

4. Gathering Information from the Environment

In order to keep abreast of pressures in the environment and the evolution of demand, the organization needs to ensure a continuous flow of pertinent information about its environment. Because the quality of the information is more important than the quantity, the selection of the data is crucial (Naisbitt & Auburdene, 1985).

Information is acquired by contacting clients, suppliers, and competitors; by using the mass media, surveys, simulations, and data banks; by consulting information sources on an ongoing basis; and by setting up interactive networks of management information.

The ability to gather data, manage information, and understand the environment is a necessary and powerful resource. This is illustrated in the following example:

Twice a year, the administration of a college has a team from the administrative sciences department carry out a brief study of the characteristics of the local community. This study focuses on (a) profiling those who will attend the college over the next two years, (b) the major trends in the labor market, (c) changes in the demography and development of the region, (d) trends in neighboring universities, and (e) the level of overall satisfaction of current clients.

Once these data have been compiled, the results are analyzed and implications are determined. A report is distributed to all levels of the organization for use in the planning of sectors.

5. Sharing Information Within the Organization

In order to facilitate mutual adjustment and to clarify strategic choices, information on content and environment must flow freely within an organization. Much effort will be devoted to disseminating, clarifying, and updating information (Burns & Stalker, 1961). Information systems will become integration mechanisms within systems, rather than being control mechanisms.

In mechanistic-style organizations, information flows mainly from top to bottom, and the flow often is blocked between levels. In organicist organizations, information will flow freely, in many directions, according to the needs of the situation. The information content will be enriched as needed, with emphasis on reciprocity and the need for coordination. The example below illustrates the flow of information:

After identifying primary market forces and a number of indicators that could be used to trace the evolution of these forces, a financial institution decided to train all its managers in the analysis and interpretation of these data.

It assigned this task to the strategic planning department. Among other things, the department created a quarterly information bulletin that describes how the indicators had changed on the national and local level, how the organization was positioned overall, and what trends were important in the short term. All these data were stored in a central bank to which free access was given.

6. Operation-Oriented Support Services

As operational units break up, support services will be designed to assist in specific operations, rather than to serve only centralized management. Resources will be

deployed at various levels of the organization, particularly by middle-line units. Support services will be provided near the action, as the following example illustrates:

A network of franchised stores that specialize in the sale of modular furniture revised its purchasing and marketing practices. Rather than being run by a central authority (the marketing service), as had been the case, these operations now are run by a joint team composed of the head of the network and four representatives of the franchises, who have been chosen to represent the company's various markets.

The principal commercial strategies of the network are planned and determined at this level; the marketing service acts as an information and consultation center for managers.

7. Setting Up Units According to Needs for Expertise

In the bureaucratic organization, workers are generally grouped into units that are homogeneous (either operationally or professionally). Organicist organizations will integrate expertise. Because the configuration of units will be based on the characteristics of the environments they serve, workers will be grouped on the basis of the expertise required in the units.

Diversity will become a criterion of excellence in many cases. The resulting forms of resource allocation will require imagination and flexibility; the range of possibilities will include temporary and multiple allocations. The following example illustrates how this aspect of the model might work:

A factory had serious difficulty maintaining the quality of its labor force. It decided to set up an internal service to run an ongoing program of training and upgrading.

The service is run by a coordinator who had taken early retirement and who has lengthy experience with the factory. This service has an annual budget of \$150,000, which defrays the cost of the resources that will be temporarily allocated to the various sections of the program.

As far as possible, the trainers will be selected from the factory staff, on the basis of their interests and expertise. They will be backed up by a small team from the adult-education service of the local school board.

8. Giving Increased Responsibility to First-Level Managers

Operational units cannot play more important roles unless they are given more autonomy in decision making. There will be more intense interaction between the decision makers at the top and those on the first level, in order to ensure the integrity of the system, which will tend to become looser. The result will be a compression of hierarchies and a major reduction in middle levels (Ouchi, 1984).

The functions of the middle levels will not be eliminated; they will be assumed elsewhere in other ways. There must be decentralization and dispersal, accompanied by appropriate integration mechanisms between the top of the organization and the operational base. The following example illustrates this concept:

The management of a hospital is revising the organization of its services. All services will be grouped into five "natural" sections (emergency, perinatal and pediatric care, gerontology,

outpatient clinic, and specialized care). Each section will be run jointly by a coordinator and a specialized doctor, who will divide the clinical and operational responsibilities between them.

The sections will answer to general management and will be responsible for (a) planning clinical approaches, (b) allocating and organizing resources, (c) planning and apportioning budgets, and (d) evaluating programs. Nursing services, hospital services, administrative services, and professional services will give up their central responsibilities and will become “suppliers of services,” responding to needs defined by the sections or by general management.

9. Configurations of Networks and Satellites

As environmental features, mechanisms of operational coordination, and the flow of information become integrated, the organization will begin to resemble a network or a constellation rather than a hierarchy. Emphasis will be placed on the interdependence of subsystems rather than on hierarchical relations. This difference will not eliminate the exercise of authority but will change the way in which it is exercised. The following example shows how a network could be affected:

A network of radio stations changed its programming so that news bulletins would be prepared in individual regions. At the same time, a small specialized team was created to produce national and international stories. The products generated by this team were distributed to the regions, who shared the costs of production if they wished to use them.

The regions can buy and sell locally produced bulletins among themselves. This strategy is designed to allow the stations to penetrate the various markets in the network more effectively. It is supported by the general management, whose activities are limited to preserving the integrity of the network and evaluating the performance of the sectors.

10. Organizations Oriented Toward Innovation and Creativity

An organization that is innovation oriented must remain adaptable and flexible so that it can quickly and efficiently incorporate any significant changes in its environment, whether they involve values, demand, or technology. Innovation is not an end in itself but a means of reacting to prevailing phenomena. This creates a heightened concern for excellence and a tolerance for nonstandardized practices (Toffler, 1985).

This approach is facilitated by decision-making processes based on contingent and pragmatic considerations. This will not eliminate strategic planning, which will become even more crucial because the practice of periodically reviewing and adjusting organizational decisions will become standard.

The following is an illustration of such an orientation:

A regional airline company periodically surveys (a) the level of satisfaction among its clients and (b) new trends in the evolution of regional transportation. After compiling the data, the company directors plan a number of changes to existing products in order to adapt to the needs of clients and to react to new trends.

Twice a year, the directors submit their conclusions and ask for reactions from three focus groups, made up of representatives of the company’s three markets: business travelers, pleasure travelers,

and cargo-service users. The scenarios are revised in the light of the comments received and serve as a basis for developing original and innovative products.

11. The Organization as a Microsociety

The organization will be considered a microsociety and will be run as such. The flow of information and the resolution of problems will depend on the quality of the organization's social fabric. Therefore, the health of the social system will be carefully monitored. A framework may be developed to limit the effects of entropy. There will be concern for a work ecology.

Managers will concentrate on the optimal use of resources, environmental conditions, organizational culture, regeneration of resources, social needs, and loyalty. This will be an attempt to manage the social relations that underlie organizational dynamics.

This vision must be accompanied by a keen sensitivity to the social phenomena in the surrounding community and to the organization's contribution to these phenomena. The following example illustrates how one company operates as a microsociety:

Every year the president of a commercial company that has more than three hundred branches visits approximately thirty of them in order to maintain contact with the regions. During these visits, he spends two to three hours giving the local employees an overview of the organization and listening to their comments and proposals.

The president has access to an information system that regularly updates him on changes in the profile of the company's labor force, so he shares this information with the employees. He also asks them to examine projects that he is considering. This activity represents one-third of the president's workload. As a result, even if decisions are made through formal channels, the whole company participates in reaching a type of social consensus.

THE RISKS

Most of what has been proposed involves a radical reorientation of important organizational traditions. To change paradigms means to change culture and the bases on which the culture was built. Even if these proposals will enable organizations to adapt more easily to the new reality, they involve a number of critical risks. The following are some of the problems that may arise.

Integration of the Subsystems

When the structure is broken down into small units designed to suit market characteristics, the quality of relations between organizations and their clients will improve considerably. Organizations will be shaped, to a certain extent, by their environments.

However, by breaking down the traditional structure, one is encouraging the emergence of *differences* within the organization. For example, units would be allowed to have different standards, to base themselves on different strategies, and to use

different technologies. They would also be allowed to have different methods of operation, different working conditions, and perhaps even different orientations.

Once these differences are institutionalized, mechanisms of corporative association of the different units will have to be redefined, since this model can easily cause the system to break apart. In other words, the price for consolidating organizations with their environments may be to sacrifice part of their internal coherence. By incorporating the breaking up of the environment, the organization runs the risk of undergoing internal rupture.

Excellence

The second factor at risk is excellence. Combining adaptability with competence, flexibility with consistency, instability with efficiency, and decentralization with control will demand an exceptional effort of conciliation and creativity. All of these forces are capable of creating conflicts. Thus, there may be continual tension in the decision-making processes.

Dividing Specialization Among Subsystems

If organizations are to be as adaptable as possible, their human resources will also have to be adaptable. Every small unit will not be able to have a wide range of specializations and specialists. This change will especially affect those who have performed support functions within organizations and who are usually found in the middle levels. These functions will have to be redefined.

New Demands on Managers

This model places new demands on managers, who will have to deal not only with a more unstable environment but also with a more flexible and uncertain organization. This is one of the major challenges they will face and it could be a major cause of problems. Managers will have to abandon many habits that the bureaucratic model has instilled in them. They will also have to invent new ways to react in this type of organization.

CONCLUSION

In the search for organizational models that are better adapted to contemporary reality, it is necessary to think of diversity. It would be paradoxical to try to escape from a linear, standardized model by replacing it with another single model. This paper provides options that can be selected, combined, or rejected in the quest for a vision of the future organization.

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■ CUSTOMER VALUE: THE STRATEGIC ADVANTAGE

Howard E. Butz, Jr., and Leonard D. Goodstein

Abstract: Building net customer value, establishing an emotional bond between a customer and a supplier, is an issue of building trust. However, it is difficult for a supplier to determine customers' true responses to its products and services, including how much of the customers' total budgets are spent with the supplier. The process of customer understanding is a way of examining the nature and extent of the trust established between the two parties.

This article presents a five-step customer-understanding process that provides a conceptual framework for converting raw data about transactions between the customer and the supplier into information. The framework makes the data meaningful and useful. There are two important kinds of information that the process should yield. First, what are the customer's present needs and how well is the supplier meeting them? Second, what are the customer's emerging needs and how can the supplier position itself to meet them?

There is widespread understanding in U.S. business of the concept of "value added." The more a supplier adds value to a product or service, the more distinctive that product or service becomes. Distinctiveness can lead to higher prices and, presumably, to higher margins and greater profits. The unresolved issue, however, is who defines the value added.

In most organizations, the suppliers assume what the consumers will value and buy. Unfortunately, the history of U.S. business provides too many examples of suppliers' assumptions being erroneous. The Ford Edsel and the McLean Burger are notorious examples.

Many businesses have now realized that it is always the customer who decides whether there is value added. The emerging idea of customer value is the first attempt to understand the true meaning of value added and to use it to strategic advantage.

NET CUSTOMER VALUE

Customer value can be defined as the emotional bond established between a customer and a supplier. Such an emotional bond leads the customer to buy repeatedly and exclusively from that supplier, to recommend that supplier to friends and relatives, and to withstand the blandishments of other suppliers. This bond is established when the goods or services provided by the supplier regularly meet or exceed the customer's expectations. The customer believes that these goods or services produce more benefits to him or her than the costs incurred; this is net customer value.

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Net customer value is not a simple concept. Value is intuitively calculated by the customer, based on that customer's values and beliefs. By way of example, one of the authors has bonded with a local carry-out seafood restaurant that has rude service people and an unattractive decor. The food, however, is so delicious and so moderately priced, and the restaurant is so convenient, that the author returns to it regularly. It would take a new supplier with the same convenience, the same low-priced, delicious food *and* with either better customer service or a more attractive decor to break this long-term bond. Suppliers rarely know which customers, if any, are receiving a sufficiently high net customer value to cause them to buy repeatedly.

Total quality management (TQM) has increased attention to providing customer satisfaction. Understanding net customer value fully, however, requires expanding on the usual approach to customer satisfaction. Simply pursuing customer satisfaction results in an incomplete understanding of customer value. Customer satisfaction is about *attitudes*; customer value is about *behavior*. The pursuit of quality initiatives must also be based on an understanding of customer value or one risks making improvements that are irrelevant to the customer and can even decrease customer value.

Increasing net customer value requires focusing attention on one's customers and understanding their wants and needs. For example, senior managers at Cathay Pacific Airways, the Hong Kong-based airline, "knew" that on-time arrivals and departures were key ingredients in customer value. Research, however, revealed that on long-haul flights of over ten hours, customers were not too concerned with on-time arrivals and departures. Customers were concerned, however, with the cleanliness of the on-board toilets, with the quality of the food, and with having continual information on the status of the flight.

Similarly, Goodman, Bargatze, and Grimm (1994) report that both management's intuition and its initial market research led an insurance company to believe that timeliness and accuracy of handling claims would increase net customer value. A later study, however, of over 5,000 actual customers who had filed claims revealed that the clarity of the company's explanations accompanying the claim settlement was far more important in increasing net customer value than either timeliness or accuracy. The earlier research either had not used the right customers, had not asked the right questions, or both. One can raise net customer value only by truly understanding the customer.

Those organizations that have been successful in establishing high net customer value—like MBNA, a leading credit card company—have built their entire business strategy on developing customer bonding. MBNA has recognized that retaining customers through bonding leads to increased market share, lower costs, and increased profitability. Reichheld (1993) estimates that every 5 percent increase in MBNA's retention rate increases its profits by 60 percent. Such retention, however, requires designing business systems that create bonding. Bonding cannot be achieved incidentally. For example, MBNA focuses on "affinity cards," with two groups of credit card customers. One group is recruited through professional groups and alumni

associations, with the affiliative association receiving a small percentage of the revenue for its own use. The second group is recruited by businesses such as General Motors or American Airlines. The customer receives discounts on merchandise, frequent-flier miles, or other tangible benefits. These homogenous affinity groups allow MBNA to provide a customized package of services for each group, which increases MBNA's ability to meet customers' special needs. The latter is the hallmark of providing customer value. Because customers often cannot discriminate among products (e.g., gasoline), it is important that they bond to a system or brand and not to a specific product.

Management consultant Karl Albrecht (1994) defines customer value as "the customer's perception of specific need fulfillment . . . [it is] the outcome people seek, not the thing or experience they pay for" (p. 137). Such definitions of customer value highlight the fact that only customers themselves can supply clear and direct data regarding their needs, both manifest and latent, and the degree to which one has fulfilled them.

Customer Bonding

Customer bonding is related to actual behavior, both customer behavior and supplier behavior. Although brand recognition and attitudes about the brand are important components of customer bonding, observable customer behavior is more important. Customer bonding is not reflected in what customers say about the supplier; it is reflected in how they behave in their relationships with the supplier. Highly bonded customers will defend their choices to others, insisting that they have chosen the "best" products or services. Who has not had at least one discussion with an impassioned supporter of a particular fast-food restaurant or automobile manufacturer or retail store about why it was the "right" choice? It is the underlying emotional bond that leads to such a stance. This is customer bonding.

An organization can develop customer bonding. As we noted earlier, the entire organization must be truly, totally customer focused. Although many organizations include customer focus as part of their mission statements, only a handful of organizations truly behave in a customer-driven fashion. The development of customer bonding requires that the organization regularly meet or exceed the expectations of its customers.

The mission of Federal Express is to have a completely satisfied customer at the end of each transaction. The outstanding and continued success of FedEx is a direct result of the commitment of rank-and-file FedEx employees to make this concept a reality. This commitment also is supported by the FedEx systems and processes. For example, its tracking system enables employees to answer customers' queries, and its performance-appraisal system rewards customer focus.

As TQM impacts more and more organizations, it becomes more difficult for individual organizations to stand out from the pack and to create customer bonding. One unforeseen consequence of the quality revolution has been to reduce more products and

services to the commodity level. To counteract this leveling effect, companies bend over backward to differentiate themselves by providing customer value. The development of frequent-flyer programs in the airline industry is an attempt at such differentiation. When American Airlines pioneered such programs, all U.S. carriers quickly followed. International carriers finally, reluctantly, joined as well. The current programs target business travelers who fly a specified number of miles annually. They are given special status: “AAAdvantage Gold,” “USAir Priority Gold,” and so on. This special status not only provides bonus miles but, more importantly for many travelers, allows them to upgrade to a first-class seat for a minimum payment. Once a traveler achieves this special status, customer bonding has occurred.

Another illustration is from customer-oriented Cathay Pacific Airways, whose top management determined that many travelers were avoiding Hong Kong because of lengthy delays at customs. Rather than assuming that this was a problem they could not solve, Cathay’s senior staff asked the Hong Kong government how to avoid the customs delays. After lengthy negotiations, the airline agreed to make an annual grant-in-aid to the government to hire more customs inspectors, but these inspectors would service only the Cathay Pacific gates! This application of the notion of seamless service reduced the waiting period, reduced customer delays, and produced an increase in net customer value and greater customer bonding.

The California-based Chalone Wine Group has developed a unique approach to customer bonding. People who own one hundred or more shares of this company are invited to an annual celebration party at the vineyard, where they sample the new releases and feast on exotic delicacies. More importantly, these stockholders are the only ones who can purchase difficult-to-obtain cases of Chalone wines directly from the winery. Although the stock has never paid a dividend, this strategy has produced over 10,000 shareholders who are fanatically bonded to the company and its products. Of course, other vineyards have followed with their own approaches to building customer loyalty, primarily through winery-sponsored “clubs” that offer “member” discounts, access to limited-production wines, and newsletters.

What should be apparent from this discussion is that customer bonding is not easy to achieve. Successful companies now seem more than willing to go to elaborate lengths and find unique strategies to achieve customer bonding. Such bonding, however, provides a significant strategic advantage, assuring repeat sales and rendering the customer virtually impermeable to the competition.

Levels of Customer Value

There are at least three levels at which a customer’s needs can be met. These are as follows.

Expected Level

The lowest level of meeting customers’ needs is the “expected” or basic level, one that is normal or modal to the business or industry. At this level, the supplier provides goods

and services at the level that customers have come to expect. For example, U.S. domestic airlines provide expected levels of service. They provide reasonably priced, more-or-less on-time travel service between most U.S. cities. There is nothing that is memorable in a positive way about their services and not much to distinguish one from another. Each airline's attempt to add customer value is quickly copied by competitors. Thus, there is little in the way of customer bonding (except for the true frequent flyers). The occasional traveler regards airline travel as a commodity, selecting a carrier based on price and convenience of schedule.

Southwest Airlines broke that mold by encouraging its cabin attendants to be innovative in their announcements and to engage passengers in less formal ways. These changes were intended to make flying Southwest a different, more pleasant experience. The fact that Southwest consistently proves to be the low-cost airline with the best on-time performance adds additional customer value.

Airport newsstands provide another example of organizations that typically provide expected customer value. They typically provide overpriced merchandise sold by undermotivated employees. The W H Smith Group, plc, a British news vendor, has made significant inroads on its competition by providing a wider range of products at downtown prices and with a clear sense of customer value. It is obviously attempting to live up to its motto, "There's more to discover at W H Smith."

Desired Level

The second level of customer value is the "desired" level. Desired features add value for the customer but are not expected because of company or industry standards. It does not require sophisticated market research to detect that customers wish that sales places were clean and attractive, that sales clerks were friendly and attentive, and that refunds were made on time. Customers have simply learned not to expect these features. They have bonded, however, with organizations that provide them.

An understanding of what customers truly value provides the organization with an opportunity to meet customers' needs. The degree to which the organization can find ways of increasing customer value enables it to distinguish itself from its competitors and to develop customer bonding.

The rise of sixty-minute photo finishing shops is an example of how an industry has been transformed by meeting the needs for a quick turnaround for personal photos. Similarly, Domino's "pizza in thirty minutes" also meets needs for quick service, although perhaps not for gourmet food. It is important to note that in these instances, what originally was the desired level has become the expected level. The integration of TQM into organizations has leveled the playing field and directly produced rising customer expectations. As this trend of rising expectations accelerates over the next few years, the desired level of customer value will become the baseline required to survive.

Unanticipated Level

The third and ultimate level of customer value is the unexpected or “unanticipated” level. Here the organization finds ways to add value beyond the customer’s expectations or desires, at least on a conscious level. Value can be unusually prompt service, greater willingness to find a way to resolve a customer’s problems, additional services, or anything else that unexpectedly meets customer needs.

The Seattle-based Nordstrom department stores have provided such unanticipated customer value so often that accounts of their service have become legendary. In one incident, a Nordstrom salesclerk stopped a customer and asked if the shoes that she was wearing had been bought there. When she was told that they had been, the salesclerk insisted on replacing them on the spot as “they had not worn as well as they should.” The advertising for Nordstrom that results from the many times this story has been told more than covers the expense of the pair of shoes. Such unanticipated features produce strong customer bonding.

There is another way of thinking about unanticipated levels of customer satisfaction. Customers have many latent needs that are well below their thresholds of awareness. Who knew that we needed VCRs before they were commercially available? How many of us thought that we needed a fax machine or a cellular telephone ten years ago? Were we aware that we needed on-line computer services such as Compuserve and America Online before they appeared? Knowing the answers to future needs would allow us to increase customer value.

The development of the disposable diaper provides a good case study in meeting latent needs. In the late 1950s, there was no stated need for disposable diapers because they did not exist. However, Procter and Gamble had learned in its ongoing market research that a major source of unhappiness for its customers was dealing with soiled diapers. Procter and Gamble recognized that this unhappiness provided a market opportunity and turned the problem over to its research and development staff. The rest, as the saying goes, is history. A \$3.5 billion annual business is a direct result of finding a solution that reduced a source of dissatisfaction.

The moral of the story should be clear. In order to reach the unanticipated level of customer value, we need not only to find new and different ways of providing already established goods and services to our customers; we need also to develop products and services that fill our customers’ latent needs. Organizations that genuinely listen to their customers and understand customers’ problems are those that will find solutions for their customers’ problems and, in so doing, provide customer value and develop bonding.

Up to this point, the examples presented have been about consumer products. This does not mean, however, that customer value is important only in the direct consumer marketplace; everything in this article applies to those who have internal customers and to those who have other businesses as customers.

Internal Customers

Relationships between suppliers and internal customers often are troubled. The requirement to use the internal legal staff or print shop or machine shop leads to intensive bonds that frequently are experienced as chains by the in-house customers. Internal service suppliers often are perceived as overpriced, unresponsive suppliers of shoddy services and goods—ones that do not provide net customer value. Such negative views are heightened by internal cross-charges, especially when such costs are seen as noncompetitive with the external marketplace.

The growing trend toward outsourcing services is a result of these dissatisfactions.

Internal service suppliers can prosper only when internal customers are pleased. This means approaching the job with a view toward increasing net customer value. This should be quite easy. Based on their closeness in both background and geography, internal suppliers should know their customers, understand their problems, and be able to help the customers solve the problems quickly, economically, and better than anyone else. When this is done, the threat of outsourcing recedes because net customer value is provided.

The question is how to develop an understanding of one's customers and their values. The approach we advocate is very different from the typical market-research approach that has served as the basis for most current understanding of customers and their needs.

STEPS IN CUSTOMER UNDERSTANDING

Defining customer value and the various levels at which it can be provided leads to the issue of its measurement. Because of the complexity of this process and the general lack of knowledge of its application, we have termed this process “customer understanding.”

Step 1. Customer Identification

The customer must be clearly identified, and everyone who affects the “buy decision” must be included as the customer. This is not as straight-forward as it may seem. Especially when other businesses are one's customers, the decision-to-buy process typically is more complex. Even simple consumer purchases can involve multiple decision makers but, in business-to-business relationships, these tend to be complex and hierarchical. Procurement agents, contracting officers, multiple layers of management, and even boards of directors may become involved. Thus, the customer-identification process is critical in understanding business-to-business relationships.

Nearly all businesses can immediately identify their primary customers; but other strategically important people in the decision-making process often are overlooked. A defense contractor must consider not only the procurement agency or the contracting agency as the customer but also the research laboratories that developed the specifications, the end user(s), and any number of sponsors in the government agency and in the Congress. Because many of these customers will value various aspects of the

product differently, a complete understanding of these numerous customers and what each values is necessary.

Consider as a further example a manufacturer of hand tools that has two product lines: one nationally branded and a second, lower-priced, private-label line. In both cases there are end users and a variety of others—such as chain-store buyers and store managers—involved in the buying decision. The end user is far more important to the nationally branded line than to the private label. A customer who is bonded to a nationally branded product—who sees that product as having high customer value—will continue to shop for that product, even if it requires additional effort. For the privately labeled product, however, the views of the chain’s hand-tool buyer about customer value will probably be more important in making purchasing decisions. In both cases, the views of the end user are important. The question here, as always, is one of relative importance.

Today, a single decision maker in any decision is very rare. Even most children have input about where to stop for fast food and which breakfast cereals to buy. Every supplier must recognize that anyone who can exert positive or negative influence on the decision to buy must be included as a customer. Initially, the influence of some of these participants in the decision-making process may not be known. Many current management strategies (e.g., empowerment, employee involvement, and self-directed work teams) will expand the pool of decision makers. As our knowledge of the process of customer understanding evolves, it is important to be on the lookout for these yet-unknown influences and to begin to study them systematically.

The list of customers must then be put into priority order based on the degree of influence each has on the “buy decision.” Developing the priority list requires input from all those in the business who regularly deal with the customers; thus, arriving at a priority list may be more difficult than initially assumed. The needs of each of the customers must be identified. Then a relative weight must be assigned to how important that need is to that customer’s decision to buy. At the very least, one needs to identify the key decision makers—those who can derail any decision—and make certain that one meets their needs.

Step 2. Planning

Conducting a complete customer-understanding process is both a time-consuming and expensive activity. It also can disrupt the often-fragile relationship between the customer and the supplier. By inquiring about how well one is serving the customer, one implicitly raises the customer’s expectations about one’s service. Therefore, there needs to be explicit support for this process at the very top of the organization. This support requires not only an understanding of the process—its risks and its benefits—but also a commitment to using the results of the analysis in developing the strategic plan of the organization. We recommend against even beginning the process without this legitimization.

Developing customer understanding invariably involves actually visiting customers in their usual places of business. It is simply not possible to develop an adequate understanding of customers and their needs without such visits. Playing golf with the customer, buying the customer a meal, or asking the customer to complete a satisfaction questionnaire will not lead to the kind of customer understanding that provides strategic direction and long-term success.

Before any customer visit is scheduled, careful planning is required. One question to be answered is the level at which the visit will be conducted. Although there needs to be dialogue at the most senior levels of management, there are great advantages to broader interactions as well. DuPont recently has reorganized in an effort to become closer to its customer—to increase its net customer value. As part of this process, DuPont has begun to send operators from its nylon spinning mills to visit those factories where DuPont nylon is transformed into swimsuits and bras. The DuPont operators talk to the customer operators about the quality problems they experience in using DuPont nylon.

Another planning question is how customers will benefit from participating in such a process. One possible benefit is that the supplier will be better positioned to meet both present and emerging customer needs. Another is reduction of problems in the regular customer/supplier interface. It is important to have answers for customers when they ask why they should participate in a process that initially appears to be of advantage only to the supplier. The answer(s) offered should be tailored to an understanding of the customer and what would appeal to him or her as a benefit to offset the costs involved in entertaining such a visit.

Each customer/supplier interface is unique. The goal of customer visits is to understand this unique interaction in two ways. The first is to learn how the customer decides today's "best value"; the second is to discover how to provide unanticipated value in the future. The former addresses the current competitive environment and how to increase market share. The latter leads to strategies for creating new customer relations in the future.

One must begin the planning process by collecting and analyzing whatever data already is available about the customer. This in-house review should focus on understanding the customer's core values. This means reviewing the customer's annual reports and other relevant documents, the customer's mission statement, and so on. One needs to understand the customer's corporate goals, culture, driving forces, etc. This understanding will give the planning team insight into the customer and allow the team to begin to understand the customer's perspective. The goal of this analysis is to better see the world through the customer's eyes. One must be clear about what one is looking for before asking for the customer's cooperation.

Following the in-house review is planning the data-collection phase, including deciding exactly what questions to ask during the visit with the customer. Beside any questions that have emerged from the in-house review, the supplier needs to understand how the customer uses the product (preferably by direct observation). Then the supplier

needs to figure out how to increase the value of the product to the customer, how the customer measures his or her success, and what factors might change the customer's use of the product. The focus of planning the visit should be on discovering the fundamental needs of the customer and how the product is actually used.

A data-collection checklist should be prepared before every visit. Such a checklist should help focus the discussion on issues of customer value. Because each customer relationship is unique, each checklist will be unique. A sample checklist is provided in Figure 1. The actual questions asked of the customer, of course, should appear more spontaneous. For example, to explore product use, one might ask the customer, "How do you use our . . .?" or "Can you show me how you install our . . .?" It is important not to ask vague questions such as, "How do you like our . . .?" It is vital to understand the current customer/product interface as well as the customer's more general problems and goals as all can lead to ideas for creating increased customer value in the future.

- Understanding the Customer/Product Interaction

 - Why does this customer use our product?
 - How does this customer use our product?
 - What customer problem does our product solve?
 - What additional or new problems does our product create?
 - How could our product be easier for this customer to use?
 - How could we expand our service(s) to reduce this customer's problems?

Understanding the Customer's Values

 - How does this customer define success?
 - What does this customer see as its distinctive competence?
 - What are this customer's problems?
 - What changes does this customer see coming in its environment?

Understanding the Customer Bond

 - How does this customer make its selection decision?
 - How much of the total product budget does this customer spend with us?
 - What would we have to do to increase our percentage of this customer's budget?
 - How do we compare to our competition?
 - What does this customer see as our distinctive competence?
 - Under what circumstances might we lose this customer?

Figure 1. Sample Checklist for Planning a Customer-Understanding Process

Step 3. Data Collection

Typically, many people are involved in making the decision to buy a product or service. To fully understand how to increase customer value, it is imperative to include each of the people who play a role in making the buying decision as a source of data. This often

is not simple. Organizational hierarchies, politics, and naive views of who makes decisions may make it difficult to obtain access to the full range of decision makers. Nevertheless, it is very important that this be done, despite whatever difficulties are encountered.

The planners must decide which customers to include in the analysis. Clearly loyal, current customers will provide important information, but so will former customers—those who have been lost over the years for one reason or another. They will provide different kinds of data. Also important are the competitors' customers—those who have been implicitly saying that another firm meets their needs. Talking candidly to these customers is very important, as their opinion is too often discounted. “They only care about price” or “They really aren't interested in quality” are ways of rationalizing the loss of their business. If, however, a supplier can hear the underlying reasons that a customer uses a competitor, the supplier often can learn a good bit about how he or she has failed to meet the needs of significant parts of the marketplace.

The data-collection process is guided by a data-collection checklist. If the checklist has been carefully prepared, the actual data-collection process should be straightforward. Collecting data of this type is quite different from doing a typical customer survey. The topics on the checklist guide the discussion with the customer. The customer's responses require follow-up questions and interpretation to develop full understanding of customer value. A checklist is only a guide to keep the discussion focused on the customer's fundamental needs.

The purpose of collecting data is to learn what one's product should do from the customer's point of view, i.e., what attributes of a product meet the customer's needs or provide the best value to that customer. The answers will be complex and multifaceted. They should include not only specific performance characteristics such as reliability, ease of use, and the like, but also such aspects as price, delivery, service, and so on. Getting such information from a customer is not an easy task.

Black and Decker is a supplier that listens to its customers. Several years ago, Black and Decker's data showed an erosion of its industrial power-tool business to foreign competitors such as Makita and Ryobi. What the customers were saying was that Black and Decker needed to distinguish its industrial line from the entry-point line sold by the mass retailers. By listening carefully, Black and Decker realized that it could not meet this customer need without abandoning the cherished B&D label. It did recognize, however, that the industrial customers were still bonded to the then dormant DeWalt brand name. Therefore, Black and Decker introduced an enhanced DeWalt line of industrial-quality power tools to the market. This move was phenomenally successful, with sales growing from zero to over \$250 million in less than three years. This story is an illustration of the power of listening to one's customers (and using that information) and how important bonding can be as a driver of buying decisions.

Data collection requires skill and sophistication in interviewing, skills that many persons do not have. There also is a tendency by customers to sugar coat their answer in their direct contacts with a supplier. Selecting the right persons to conduct these

customers visits is critical to the success of this process. We recommend using senior people, perhaps accompanied by a consultant who is familiar with the company and has outstanding listening and interpretative skills. What is clear is that this is not a task to be delegated to the traditionally oriented market-research group.

In asking questions, one must recognize that people tend to give socially acceptable answers to many questions. For example, McDonald's developed the McLean Burger because it believed its market research reports that customers wanted "healthy" food—the socially acceptable response. However, when confronted by the choice between the new, healthy product and the traditional Big Mac, the customers' true preference was the Big Mac. One way to avoid such false leads is to ask customers comparative questions. For example, "Under what circumstances would you choose Product A over Product B or Product C?" "What kind of price difference would lead you to change that choice?" The interviewer must remember that the purpose of the interview is to gather information on the customer's values, not to change them.

Step 4. Measurement

Nothing is so critical to organizational success as increasing the value provided to customers. Thus, measuring increases in customer value provides a critical success indicator of organizational vitality. There are two elements to consider in any measurement of customer value: short-term selection and long-term bonding.

- Selection as the customer's supplier depends on how well one provides current customer value, as can be measured by market share, sales, orders, and so on.
- Bonding refers to the depth of one's relationship with the customer and the customer's future selection behavior.

As we have noted earlier, bonding is critical to retaining customers in the face of competitive challenges. An organization not only must know how loyal its customers are but also must develop strategies to maintain and solidify that bond.

It is useful to think of five ever-increasing levels of bonding:

1. Preferential: "Us over them this time."
2. Favorite: "All things being equal, we get the order."
3. Committed: "We are their supplier."
4. Referential: "They tell other people to buy from us."
5. Exclusive: "No one else has a chance to get their order."

Although one would prefer all of one's customers to be at the fifth level of bonding, that generally is impossible, given the nature of most marketplaces. It is important, however, to discover the current level of bonding and then develop strategies for increasing it.

The levels of bonding represent increasing levels of trust. People make recommendations based on their confidence that the value received is not unique to their experience but is representative of the general quality of the supplier's product and service. Exclusivity is like leaving home without first checking the weather because you know you will be taken care of by the particular supplier regardless of how inclement the weather may be.

Several of the levels of bonding involve retaining customers. However, there are dangers inherent in focusing on customer retention, as one can overlook how much of a total budget for the product or service a customer is spending with one's organization. One may retain customers over a long period, but they may be spending most of their budgets elsewhere. Fay (1994) reports that in the retail industry, those customers retained the longest were the least profitable. These long-term customers had learned how to shop the stores for sales and bargains, picking the least-profitable mix of merchandise. It is important to learn how much of the total budget the customer spends with one's company, as that is the most significant measure of bonding.

It typically is necessary to use external resources to reveal the extent of customer bonding. Customers rarely will give accurate information about their level of bonding to their suppliers. It is far too confrontational. Some indicators of bonding, such as referrals or repeat orders (a measure of commitment), may be readily apparent but also may give an incomplete picture of the level of bonding.

Step 5. Implementation

The payoff for customer understanding is its application to strategy development and implementation. Once the customer-understanding process is complete, the organization's strategic planning team needs to receive, digest, and apply the findings of the analysis.

One way to think about customer understanding in the context of strategic planning is to regard it as one way of conducting the SWOT analysis (Goodstein, Nolan, & Pfeiffer, 1993). That is, the customer-understanding analysis can provide a unique view of the organization's **Strengths, Weaknesses, Opportunities, and Threats**—from the customer's point of view.

CONCLUSION

Maintaining and solidifying current customer value and developing tactics for meeting unanticipated emerging needs provides the basis for either developing or modifying an organization's strategic plan. It is this application that makes the customer-understanding analysis pay off.

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■ LEARNING FROM THE INTERVENTION ITSELF: FROM STRATEGY TO EXECUTION

Milan Moravec

Abstract: Consultants and clients need to continually assess all aspects of organizational change in order to learn from it. A large-scale change initiative at British Petroleum Exploration generated fifteen lessons for the organization and twelve lessons for the consultant. All these insights are applicable to any reengineering, organizational change, and/or any consultant-client relationship.

In a true learning organization, managers and human resource development (HRD) people pay attention not only to what the enterprise is doing but also to how it is doing it. Assessment of both is critical to success. Identifying the processes that work as the organization evolves through various changes is the key to continuous improvement and learning. Continuous learning is essential to competing effectively in today's dynamic, global economy.

It is also important to keep track of what works in an intervention facilitated by a consultant. It is important not only for the organization but for the consultant, too. The consultant as well as the client ought to be a "learning organization."

A CASE EXAMPLE

After a massive transformation effort in British Petroleum Exploration, the internal program manager for the change process and the consultant reflected together on what they had learned about the consulting process itself. Some of the learnings were confirmations or enhancements of assumptions they had made previously; others emerged as they proceeded through the intervention. Before these learnings are summarized, a little background will be provided.

The Problems

British Petroleum Exploration (BPX), the arm of British Petroleum that finds and develops oil and gas reserves, was—like many other multinational corporations—confronting explosive changes in technologies and markets. The company was all too aware of the need to become flexible and innovative in order to respond to customer priorities. It was aware, as well, that BPX currently fell far short of this goal.

In short, BPX was hobbled by bureaucracy. A staff survey revealed that people were stifled by paperwork, unable to get things done. Because they believed that they had no real influence, they were reluctant to assume responsibility or take initiative, and

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management was highly averse to risk. Cynicism, alienation, and frustration were rampant.

It soon became clear that system-wide reengineering, not only of the organizational infrastructure but also of mind-sets, was needed.

The Change Initiative

The major changes initiated by the program manager and the consultant included the following:

1. *Dual career paths.* At BPX, career success had come to be equated with a management title. To move up the hierarchy, individual contributors eventually were forced to become managers, regardless of desire or aptitude. The new dual-track system provided one career path for would-be managers and another, comparable in terms of influence and rewards, for individual contributors. Thus, development of creativity and technical skills received as much encouragement as development of managerial skills. The two paths stayed parallel all the way to the top, and people could switch from one path to another as their accomplishments, qualifications, and customer requirements evolved.

To develop these dual paths, work teams from various levels, functions, and worldwide locations in the company worked to replace the old job descriptions with skill matrices and lists of competencies that reflected the roles in the matrices.

2. *Upward feedback.* To open up communication and improve the ways in which managers and employees worked together, BPX launched a program in which employees assessed their managers on the ways they managed people. System design and training ensured that those who participated felt minimum pain and optimum gain and that new awareness was translated into specific changes in behavior and unit action plans.

The proposal for the program received such an overwhelming endorsement from both managers and staff—who were obviously hungry for honest communication—that its development was accelerated.

3. *Personal-development planning.* This process, self-guided but supported by training, was designed to assist employees in identifying their skills, interests, and values, and in marketing themselves within the company. It enabled employees to take charge of their own careers and it could be used for life planning in general.

Personal-development planning was related specifically to the skills matrices developed for the dual career paths and was also related to the upward-feedback program. Performance appraisal, training, and compensation systems were redesigned to dovetail with these programs.

4. *Attitude surveys.* Attitude surveys were administered to promote interaction, decision making, and action. Survey results were used as the basis for action planning,

in which employees at all levels participated. Discussions of survey results were incorporated into the upward-feedback program.

In summary, the change initiative at BPX focused on weaving customers' priorities, organizational culture, processes, technology, structure, and people into a seamless business strategy.

LESSONS FOR THE ORGANIZATION

Following are the lessons that BPX learned, from this comprehensive intervention, about creating large-scale organizational change:

1. *The focus of the change must be on competitive needs—what will benefit customers.* If there is no clear connection between new processes and what the customer is demanding, one needs to ask, “Why do this?” In the case of BPX, satisfying the customer required initiative, faster decision making, and all the innovation and creativity the company could muster in the face of increased competition. As a multinational corporation with worldwide operations, it also needed a culture in which people and ideas could move freely in response to changing requirements.

2. *Organizations need to decide whether competitive ability is better served by incremental change (more of the same only more efficient and better) or by paradigm shift.* If they need the latter, as BPX did, gradual changes in structure and policies won't work. Change must occur on so many fronts simultaneously that everyone—managers and employees alike—finds it impossible to continue behaving in the old ways.

3. *The business (internal and external environments, roles/processes, and technology) and the organization (structure and people) need to be managed as a whole system.* Change in one part of the system affects other parts, and each part influences, and is influenced by, the whole.

4. *Senior management must consider, very carefully, how involved it should become in decision making.* Although leaders must have a vision of excellence (as well as courage and a keen knowledge of their industry and the competition) before undertaking a major transition, the road to transformation is paved by those who act on new procedures and processes.

If senior management is trying to empower people, it must let go and have the people make some of the key decisions about how to change. Otherwise, the people will keep expecting top management to “fix things,” and the bureaucracy will never be dismantled. It may be necessary to keep reinforcing this concept. It is very difficult to withdraw from the command-and-control habits of a lifetime.

5. *A blueprint for change is helpful but it is only a beginning and it oversimplifies what can be done.* A blueprint—the formal announcement of change—does not reflect the chaos that needs to be managed or the challenges of implementing new ideas. Transformation does not begin until people have finished talking about it.

6. *The line organization must lead the change.* If HRD or organization development (OD) people do it, employees do not see the business evidence of management's commitment to change. Line managers are not above the process; they need to "walk the talk" and go through transitions themselves in order to establish credibility. They need to model the desired new behaviors.

7. *At some point, it will appear that nothing is happening.* Employees will be waiting and testing management, thinking, "Maybe we won't have to change." This is a good time for management to walk the boards, create task forces, provide resources to get the new work done, and actively demonstrate its commitment.

A good way to reestablish momentum is to pick the low-hanging fruit: find projects where change can be brought about quickly and where people can witness positive results. Such projects must be central to competitiveness. (It may help to get customers and suppliers involved in task forces.) When change begins to percolate, the process is on track again.

8. *It is important to maintain urgency by linking what is being done to some compelling competitive priority.* The goal must connect the organization to its environment. Establishing a theme of "We have to attract new customers" or "We need to reduce errors by 70 percent" is more effective than saying, "We're going to improve ourselves." Additionally, do not waste time fixing what does not need to be done in the first place.

9. *Inertia needs to be managed.* Inertia is a more powerful force than many people realize. State at the beginning that employees and managers are equally responsible for change; it is not a top-down activity. When one group loses steam, the other may have to take a larger or more active role for awhile. If some managers keep resisting change, they may have to be moved out of influential roles.

10. *New behaviors and practices will be at odds with the old system at first.* You cannot have change without disequilibrium, so you might as well use disequilibrium to unleash creativity. Cut the chains of command and encourage people to try new approaches without having to get approval for every step.

11. *You cannot let nature take its course; you need to lead endings, new beginnings, and periods in between.* Watch out for the Tarzan effect: swinging from endings to new beginnings without paying attention to the neutral zone (where people can absorb and try out different ideas), and then swinging back as soon as you meet resistance. Also avoid the Marathon effect, in which management is so keyed up about the process and runs so far ahead that others in the organization begin to lose sight of them.

12. *Change involves emotions.* Do not be surprised by periods of low trust and morale: "Whose idea was this, anyway?"; "We never had to go through this before and we were successful." People may be stressed, angry, and distracted at times. Even those who are energized may not always agree on how things should be done.

13. *You must maintain the vision.* Some interventions are lost, some are won, and some are rained out, to be played again. The vision, along with the organization's stated values, provides the forward pull that creates positive change and learning. It is also what holds the organization in alignment during periods of disequilibrium.

14. *You cannot demand loyalty.* "Loyalty" is a relic of the old, clumsy, hierarchical system. A loyal individual goes along to get along. A more valuable contributor speaks up about better ways to do things. Commitment can no longer be demanded; if you try, you'll only get compliance, at best.

15. *The change process is never finished.* Always be ready to start again. Ideally, you should not just be encouraging change; you should be creating an organization that thrives on it. Keeping change going and learning from each cycle require the personal attention and guidance of leaders—both managers and individual contributors.

LESSONS FOR THE CONSULTANT

A large-scale change process also generates certain lessons for the consultant involved:

1. *You cannot succeed as a one-person show.* Do not expect to be followed or listened to just because you are an expert. You need to build alliances, networks, and credibility in order to orchestrate a coordinated group effort. Develop internal change agents. At BPX, the external consultants began to train HRD people in consulting and leadership skills, as their help was needed to turn the organization around.

2. *Do not expect the existing culture to welcome change.* The organizational culture will fight you to maintain its equilibrium—to survive. Culture *is* resistance to change. It is your job to instill a compelling desire to try the unfamiliar and the new.

3. *You must empower yourself.* Do not expect senior management to run interference for you, even if the HRD people ask top management to "require" line management to behave in certain ways. Do not wait for total commitment from top management; that comes with results. Proceed as if you have all the authorization that is needed.

Organizations will not accept a consultant they do not believe in, and they will not believe in you unless you believe in yourself and in your mission. However, do not be overly controlling; show care and respect for others; solicit their perspectives and opinions; listen; and be a team player. Do take action promptly and decisively. Inspire confidence by making things happen.

4. *Be intolerant of inaction and inertia.* People who are using new power will make some mistakes, but after these mistakes are admitted, you need to move on quickly. Recognize those who hustle and nip at those who seem to be dragging their feet. If some people refuse to go along with the change process at all, respect their decision and leave them alone. You may have to inform senior management of any bottlenecks, but first discuss the situation with the bottlenecks themselves.

5. *You cannot reconcile all differences or achieve full consensus during the transformation process.* Once you have agreement on where you are going, rely on your own expertise regarding how to get there. Some people will not get on board until they see examples that work. Remember, the organization's customers cannot wait for consensus. Acknowledge differences and emphasize the need to go forward despite these differences. Do not try to force agreement or pretend that agreement exists.

6. *You are a role model.* Leaders and employees will watch you intently. Demonstrate your involvement with what the organization is trying to accomplish. Set an example: put in extra effort, working evenings and weekends when necessary; rock the boat; be a conveyer of urgency; and demonstrate commitment to milestones and schedules. Display insight, passion, energy, and drive.

7. *You will need to deal with volatile emotions.* During large-scale change, people feel vulnerable, threatened, and uneasy. You need to be seen and available. Stop, listen, and talk at the emotional level. Solicit opinions and suggestions, even negative opinions. Continually ask, "How do you feel about that?" Offer understanding (not sympathy) as well as words of encouragement and nods of appreciation. Appropriate physical contact (handshakes, pats on the back) is a powerful reinforcement of verbal thanks. Celebrate small victories.

8. *Be honest; do not promise what you cannot deliver.* If you lack the power or resources to control a decision, it is better to say so rather than to promise to have something completed by tomorrow and then having to go back and admit you need more time.

9. *Be a partner, not a doctor.* This means being involved, being yourself, and learning along with the client. Friendship is not necessary and can even complicate matters, but it also can make the work more pleasant for both you and the client. Do not be afraid to spend a coffee break or lunchtime with people in the organization.

10. *As clients trust you more, they risk more.* Resistance about size, costs, and timing of projects indicates unwillingness to take risks. Accomplishment builds trust but, at the same time, raises the stakes. Do not expect others to take risks that you yourself would not take. Remember that the client is responsible for unpredicted results.

11. *Clients pay more attention to what works than to any other element of their relationship with you.* If you do not actually accomplish something together, the relationship is in trouble. When you debrief about a project or a meeting, point out how you contributed to each accomplishment and identify ways in which you can contribute to future success.

12. *Bring who you are to what you do.* There is no one right way. Although you want to behave in a manner consistent with the client's values, you need to stay true to your own. Express your personality—people need to see that you are human. If they know that you are authentic, they will allow you some leeway even if they do not completely agree with you.

In today's complex business environment, both the organization and the consultant need to slice through the theoretical hype, popular misconceptions, and wishful thinking about change and transition. Both need to keep learning. In a solid relationship, both can admit to each other that they are not all-knowing but are continuing to learn and improve.

In order to learn from experience, it is crucial to evaluate what you do together. It is also essential to look continually for opportunities to reinvent processes and infrastructures. Doing more of what made you successful in the past is a sure route to failure in the future.

■ TRANSFORMING ORGANIZATIONAL CULTURES: SIMPLE AS ABC

Irwin M. Rubin

Abstract: This article explores the failure of some total quality management (TQM) efforts by focusing on three elements that are frequently lacking from these efforts: a definition of “culture,” a consensus as to what constitutes a “good” culture, and a management information system to ensure accountability.

Day-to-day behaviors in an organization define and determine the culture of the organization. People must become aware of these behaviors and their consequences. Then, a system must be implemented that can measure and track the desired behaviors. Such a system will ensure accountability and greatly increase the chances for successful implementation of a TQM effort.

Explanations as to why total quality management (TQM) cultural-change efforts fail to live up to their transformational expectations have a common theme: Too often, the focus is on changing attitudes, not behavior, without instructions or suggestions on how to gauge that change. Accountability then falls by the wayside. Three primary reasons for the resulting demise of many a well-meaning attempt to transform an organization’s culture are examined.

- Lack of focus on a pragmatic definition of the concept of culture
- Lack of essential agreement as to what constitutes a concrete image of a “good” or “better” culture
- The heretofore absence of a crucial management information system—one that empowers people to be accountable for their own behavior. Without *countability* there can be no *accountability*.

CULTURE: A PRAGMATIC PERSPECTIVE

Dictionary definitions of culture are of no pragmatic value. Words on paper give culture little if any meaning at all. Because organizations are social, not concrete, structures, actions give culture meaning. As a consequence, day-to-day behavior is both the result of and the cause of that which we call an organization’s culture. Culture is something people experience concretely. No one would mistake the culture of a Madison Avenue advertising agency for that of a Swiss bank in Zurich. We know a culture when we see it and feel it.

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This pragmatic perspective reduces many of the apparent complexities in approaching the transformation of organizational cultures to one simple truth and its equally simple correlate.

Truth One: All Behavior Has Consequences. If the day-to-day behavior of an organization's members is not observably (and, therefore, measurably) different at some point in the future, it is impossible to conclude that any meaningful change in organizational culture has taken place.

Truth Two: Beware the Mockery of Mimicry. Because modeling—learning by example—is the most powerful socialization agent known, a second truth follows from the first. Until such time as the senior agents of the organization—managers in positions of formal power—change their day-to-day observable (and, therefore, measurable) behavior, no change in organizational culture will become “business as usual.”

Managers manage behavior, not numbers or head counts or FTEs or inventories or even objectives. And the behavior that they manage begins with their own.

BEHAVIOR: AN EXPERIENTIAL PERSPECTIVE

“All well and good!” you say. “Now all we need is a simple, behaviorally oriented template that allows us to transform our words into actions.”

A variety of models are available that will allow us to talk abstractly about concrete behavior. My own approach has its early roots in the landmark research done by Neil Rackham and his colleagues. They took on the tedious and admirable challenge of *observing and audiotape recording* the behavior of managers, salespeople, and negotiators in their places of work. The researchers then spent thousands of hours analyzing, categorizing, and coding the observed experiential interactions.

Next, Rackham and his colleagues compared and studied the behavioral patterns of the “successful versus less successful.” They tested training interventions designed to impart success-oriented behaviors. It was concluded that teaching managers to *code* their own and others' behaviors was key to helping people more successfully manage their own and others' behaviors.¹ Coding simply means identifying specific, concrete behaviors that are reflective of an abstract category.

It is from this simple truth that the importance of the **a**wareness of **b**ehavior and **c**onsequences—the core of Temenos' ABCs behavioral model—was derived. Without awareness (Rackham's notion of coding) of the consequences of current behavior, meaningful change becomes unlikely. Without the capacity to change behavior, no progress or improvement in consequences can take place. The management of people—oneself or others—is impossible without attention to our ABCs.

Creating a Behavioral Template Based on Experience

To create a simple, nonacademic template, we asked several thousand people, spanning many cultures and professions, the following question: “Think about an interaction you

¹ Rackham, N., and Morgan, T., *Behaviour Analysis in Training*, McGraw Hill, London, England, 1977.

recently experienced that satisfies three criteria: (1) the task at hand was completed to the satisfaction of both parties to the interaction; (2) you walked away feeling good about your own behavior (you knew that you were honest and fair, that you had acted with integrity); and (3) you left feeling equally good about the other person’s behavior. What is a specific example of a behavior that the *other person* exhibited that you believe contributed to these outcomes?”

The first thing we noticed about people’s responses was their typically vague nature. Qualities like “open-minded” or “good listening ability” are most assuredly positive. Any culture that reflected these kinds of behaviors would be judged by most people as a “good” organization for which to work or family in which to live. The problem is that at that level of abstraction, these qualities are unmeasurable and therefore unmanageable. A little prodding was all that was necessary to get to the more concrete level of the observable. An “open-minded” person became someone who, for example, “didn’t argue defensively,” and people with “good listening ability” became people who “didn’t interrupt” or “summarized areas of agreement.”

The second thing we noticed was how quickly a finite list of observable, repetitive behaviors emerged. Although the subtle nuances certainly vary across diverse relationships, the ingredients that go into the creation of what is referred to as a win-win relationship—the backbone of any excellence-oriented organizational culture—are relatively few in number.

A sample of the forty-eight behaviors that emerged from our research is presented in Figure 1. It is important to emphasize that these behaviors are “customer oriented.” Recall the way the research question was phrased: “What is a specific example of a

Item No.*	Behavior
1.	Clearly explain the bases for decisions.
10.	Tell others clearly what you want from them.
12.	Use metaphors, analogies, and vivid descriptions to heighten others’ enthusiasm about possibilities.
13.	Pay careful attention without interrupting when others are trying to make a point.
30.	Ask questions like “How can I help?” and “How can I support you?”
36.	Talk from the heart about values and ideals.
41.	Admit your mistakes.
43.	Apologize for your mistakes.

*Note: There are forty-eight specific behaviors in the pool of which these eight are a sample. The forty-eight behaviors are grouped into eight distinct style clusters.

Figure 1. Sample Win-Win Behaviors

behavior that the *other person* exhibited that you believe contributed to these outcomes [win-win relationships]?” As the recipient of another person’s behaviors, I am a customer.

Most important, these behaviors are observable and countable; it thus becomes both possible and justifiable to hold people accountable for exhibiting them on a regular basis. (Parenthetically—but not unimportantly—these behaviors are also highly learnable. Rackham’s research documents our own experience with the power of training programs designed to extend people’s **a**wareness of **b**ehavior and **c**onsequences.)²

BEHAVIOR AND CULTURE: CREATING A SNAPSHOT

Using a very simple and unobtrusive tool built around these forty-eight behaviors, we have been able to help many clients avoid the second of the pitfalls mentioned in the first paragraph of this article: difficulty in developing a behaviorally specific picture of a “good” or “better” organizational culture. An overview sample of the results generated for one client by our “Organizational Excellence: A Behavioral Survey” is presented in Figure 2.

From a developmental perspective, this organization is relatively young. The cultural challenge that it faces is quite clear and straightforward: It can no longer solely rely on the entrepreneurial vision and charismatic style of its founders for continued growth and development. This is evidenced by the low delta/minus delta scores for items 12 and 36 in Figure 2. At this organization’s current stage of development, more concrete behaviors like “telling one another clearly what we want from one another” (item 10 in Figure 2) must be stirred into the pot of enthusiasm and big-picture dreams that have served them so well to date.³

An organization’s culture is *both* the cause of and the result of day-to-day behavior. A culture is—at its bottom line—the result of a series of often semiconscious agreements about how people will interact and communicate with one another. Any organizational-culture profile, therefore, is nothing more than the cumulative effects of the emotions evoked as a consequence of how people choose to behave toward one another. A language system, made up of words, music (intonation), and dance (nonverbal body movements) becomes the behavioral trademark of any culture. It is this pattern of typical “words, music, and dance” that must change to effect any change in culture.

² In addition to Rackham, see also Inguagiato, Robert J., *So You’re Not Paying Attention*, Honolulu, HI: Temenos®, Inc., 1994.

³ See Rubin, Irwin M., Ph.D., and Fernandez, Dr. C. Raymond, *My Pulse Is Not What It Used to Be: The Leadership Challenges in Health Care*, Honolulu, HI: The Temenos® Foundation, 1991, for more details on the stages of development in healthcare organizations.

Sample Summary

Organizational Excellence: A Behavioral Survey

Your organization wants to achieve organizational excellence. Using the Importance Scale of 0–5, please indicate in the *left-hand* column how much importance you believe the senior management team of _____ is currently placing on the following forty-eight behaviors. In the *right-hand* column, please indicate how much importance you believe the team *should* be placing on each behavior.

Importance Scale

5 = Critical

4 = Very important

2 = Not very important

1 = Unimportant

0 = Irrelevant

Currently*		Should Be*	Δ^{**}
1. 21.4%	Clearly explain the basis for our decisions.	88.1%	66.7%
10. 21.4%	State clearly what we want from one another.	88.1%	66.7%
12. 50.0%	Use metaphors, analogies, and vivid descriptions to heighten one another's enthusiasm about possibilities.	40.5%	-9.5%
13. 50.0%	Pay careful attention without interrupting when others are trying to make a point.	78.6%	28.6%
30. 33.3%	Ask questions like "How can I help?" and "How can I support you?"	83.3%	50.0%
36. 71.4%	Talk from the heart about our values and ideals.	71.4%	00.0%
41. 31.0%	Admit our mistakes.	83.3%	52.3%
43. 33.3%	Apologize for our mistakes.	81.0%	47.7%

*Note: Refers to the percent of respondents who answered "very important" (4) or "critical" (5) only.

**Note: Delta (Δ) is the *difference* between *Should Be* and *Currently*.

In other words, the greater the Δ , the greater the consensual perception of need of the behavior in the future.

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Figure 2. Behavioral Survey Results

THE MISSING LEG

Organizations are quick to invest enormous amounts of time, money, and energy in the creation and utilization of sophisticated information systems that allow the instantaneous monitoring of all manner of variables important to the bottom line. If you were ever a guest at a Ritz Carlton Hotel, all of the Ritz Carlton Hotels worldwide would know how you like your morning coffee served. Supermarkets keep track of the number of cans of soup and bags of nuts in inventory. Hospitals monitor (and bill for individually) the number of BIC® razor blades used to shave preoperative patients in the same way that they monitor the technical quality of the operations performed.

Indeed, traditional TQM efforts rest on the two legs of technical effectiveness and managerial efficiency. So what is missing? Missing from most TQM efforts to date has been a focus on the third leg of personal efficacy, the quality of day-to-day interpersonal relationships.

The Healing Power of TLC

Using the healthcare industry as an example, we can examine the effects of this third leg of personal efficacy. Empirical research confirms what common sense has known about the bottom line in healthcare organizations for centuries. People heal more quickly—and are therefore discharged more quickly—from healthcare organizations where the staff members treat *one another* with “care and respect.”⁴

Put another way, “staff infections”—that is, interpersonal toxicity of any form in the boardroom or between employees of a healthcare organization—are as potentially lethal as “staph infections” in the operating room. For example, a nurse who is continually subjected to verbal abuse by an arrogant physician will find it very difficult to maintain a “caring” bedside manner.

Information Highway’s New Lane: Behavioral Quality Assurance (BQA)

Without an information system that provides user-friendly on-line real-time awareness of **b**ehavior and **c**onsequences, *total* quality management is lacking one of the legs it needs to stand on. Organizational culture change will stumble. On the other hand, with a computer-driven information system built around behaviors like those that are at the core of all win-win relationships, individuals can be empowered to manage the quality of their important “customer” relationships: at home with their families, at work with their colleagues, and in the marketplace with formal users of their products or services.

With such a system, at the stroke of a key, the two parties in a relationship can each get a picture of the quality of their relationship. Frequency patterns (how often sender and recipient experience each of the other’s behaviors) and requests for change (specific behaviors each would like to see more or less of) can be made available instantaneously. As a result, people committed to improving the quality of their relationships can develop

⁴ Revans, R. W., *Standards for Morale: Cause and Effects in Hospitals*, Oxford University Press, London, 1964, and Rubin, Irwin M., Ph.D., *Total Quality Management: Care Dealers vs. Car Dealers*, Temenos®, Inc., Honolulu, Hawaii, USA, 1992

what I call behavioral quality assurance (BQA) agreements. With the technology currently available at every manager's fingertips, regular reminders of BQA agreements become as easy as "ABC."

When a computer, for example, is asked to dial a colleague's phone number, it can, at the same instant, be programmed to flash a reminder of the specific behaviors that the colleague has asked the caller to exhibit. Fiber-optics communication networks also allow the recipient of a call to know who is calling. Imagine calling a work colleague and having a digital screen help you be more aware of your behavior and its consequences while on the telephone!

Becoming Truly Customer Oriented

This same set of principles and technology can give people the power to create truly customer-oriented organizational cultures. With such a computer-driven information system, the organization can treat customers as the unique individuals they are. Current customer-service efforts ultimately may lead to insincere, almost robotic behavior. Customers get a seemingly heartfelt smile . . . whether they want it or not.

Imagine, in contrast, the following scenario:

When you next visit your healthcare organization, your provider asks you for some help in updating your medical record. From a subset of the forty-eight win-win behaviors (which research studies have already identified as priorities for your age, ethnic origin, and so on), you are asked to select two or three specific behaviors. These are the behaviors you want to see exhibited by anyone with whom you come in contact in this healthcare organization. They represent the observable behaviors you need to feel "cared for" by your provider organization—in human, not technical, terms. These behaviors become a part of your "treatment plan."

The next time you call for an appointment, these priority behaviors—along with all the other information currently being monitored—flashes up on the screen. The behaviors also appear on the front cover of your medical record for all of your providers to see. Because the entire organization is committed to creating a caring-oriented culture, everyone has access to the information needed to ensure awareness of behavior and consequences.

In the same way that employees at the Ritz Carlton hotels pay attention to such things as coffee preferences because a customer so "cared for" is *more likely to return and may stay for longer periods*, a customer so "cared for" by a healthcare organization is *less likely to return and may stay for shorter periods*.

THE BOTTOM LINE

The computer, used as described in this paper, may be just the tool needed to heighten the quality of the messages we send one another, despite the apparent paradox of using high-tech in the service of high-touch.

Will not the very robotic, uncaring behavior the computer is designed to reduce ensue? It will not, as Edward R. Murrow pointed out when he reminded us: "The newest computer can merely compound, at speed, the oldest problem in the relations between

human beings, and in the end the communicator will be confronted with the old problem of what to say and how to say it.”

Only people who are willing to accept 100-percent responsibility for the win-win healing quality of their half of every relationship will find the ability to be **a**ware of their **b**ehavior and its **c**onsequences to be of value.

■ CHARACTERISTICS OF SUSTAINED COMPETITIVE SUCCESS IN ORGANIZATIONS

Homer H. Johnson

Abstract: Why do some organizations enjoy sustained growth and profits and others do not? The study on which this article is based examined companies that had above-average annual growth and profitability rates over the last two decades and identified twelve characteristics that were central to these companies' success.

The six primary factors include a focus on markets with good growth and profit potential; a high-value product/market strategy; clear superiority in several key operational processes; excellence across the board in major processes; continuous improvement at a rate faster than that of the competition; and outstanding strategic leadership.

The six support factors identified are structure and policies that are aligned with strategy; a "strong value" culture; the extensive involvement and contribution of employees; a priority on the selection, development, and retention of employees; the development of competencies that support the strategy; and extensive use of technology.

The implications for the changing role of human resource functions are also addressed.

There has been a significant change in the last decade in the way we look at both the strategic and operational components of organizations. The Peters and Waterman book *In Search of Excellence* (1985) signaled the beginning of this new era. No longer were organizations viewed as bureaucratic monoliths that would exist forever in very stable environments. Rather the organization of the future was now viewed as a dynamic and changing entity that was continually seeking its place in a fluid environment.

The primary task of management is no longer the control and coordination of the bureaucratic structures but, rather, the search for the key success factors that organizations must embody to be successful in this ever-changing, highly competitive environment. Peters and Waterman suggested that there were eight such factors that were characteristic of "continuously innovative large companies" in the early 1980s. Other studies and authors have since expanded that list. The key question now is what the key pieces are that must be in place for the organization to compete successfully in a dynamic and changing world.

Together with this new view of organizations has come a different way of looking at the different functions within organizations. In fact, the need to divide the organization into functions at all (particularly those that resemble individual fiefdoms with impenetrable walls around them) has been questioned. The functional boundaries have fallen, especially in the support units (such as human resources), and there has emerged a new role, that of internal consultant. In an era that requires lean and flexible

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forms of organization, it is difficult to justify the bloated staff functions of the 1970s. However, some of the knowledge represented by these functions is still very much needed, and the new role of the staff expert has evolved into that of consultant.

This paper examines both trends outlined above. First, a model of sustained competitive success for organizations is outlined. Secondly, the new role of the staff units is examined, particularly the human resource practitioner in the model that emerged from the study.

THE RESEARCH DESIGN

The uniqueness of the study examined here is that the sample was based on organizations that had enjoyed sustained competitive success over a twenty-year period. The sample used was a diverse group of U.S. companies that had an annual revenue growth of 10 percent or more and an annual ROE of 15 percent or more, over the period 1980-1992, and that seemed to be well positioned to continue this success in the near future. The sample included both large and small companies, representing both the service and manufacturing sectors.

An attempt was made to identify the characteristics that these organizations had in common that were related to sustained success and that their less successful competitors did not have or had to a lesser degree. Of particular interest were “higher-order” characteristics, that is, those factors that transcended the type of industry, product category, size, and like categories into which a given organization might fit. The focus of the study was to identify what these companies were doing (and their less successful competitors were not doing) that led to their sustained success.

SIX CRITICAL AND SIX SUPPORT FACTORS OF SUCCESS

Six primary or critical characteristics of sustained success and six support characteristics were identified (Table 1). The former seem to be essential for an organization to enjoy competitive success over an extended period of time. The latter six are labeled *support* characteristics because their presence is very important, especially to allow the first six to operate at their potential, but they are not sufficient to produce a sustainable advantage, either separately or as a group.

Six Critical Characteristics

Those organizations that show sustained success, whether they be large or small, have the following six primary characteristics in common:

1. They focus on markets that have good growth and profit potential in which they can effectively compete.
2. They service some important combination of customer needs better than does the competition.

3. They have developed a clear superiority in several key operational processes, which in turn allows them to deliver their specific market strategies.
4. They excel in all key processes in the organization, including those that are not directly linked to their market strategies.
5. They are continuously improving at a rate faster than that of their competition.
6. They excel at strategic leadership.

These critical characteristics give the successful organizations several advantages: the organizations' markets provide them with good growth and profit opportunities; their specific product/market strategies assure them of a large group of receptive customers in these markets; the successful organizations' superiority in those critical processes that underlie their market strategies gives them a competitive advantage over the other organizations in their industries; their high performance on all key processes eliminates the slack in their organizations; their high rate of continuous improvement maintains and widens the gap between themselves and their competitors, which gives them a "sustainability"; and their strategic leadership keeps them on target as markets and economies change.

Six Support Characteristics

The six support characteristics (which provide the necessary support for the six primary characteristics), as demonstrated by the successful companies in the study, are the following:

1. Their structures and policies are aligned with their strategies.
2. They have strong "value cultures."
3. They rely heavily on the involvement and contribution of their employees.
4. They put a high priority on the selection and development of employees.
5. They have a strong commitment to the development of underlying competencies that support their overall strategies.
6. They are heavy users of technology, which is directed at providing quicker, more accurate, and less costly service to their customers.

These primary and support characteristics seem universal across the diverse sample of companies that were studied, including General Electric, American Home Products, Pepsico, Abbott Labs, Johnson and Johnson, Emerson Electric, Wal-Mart, Coca-Cola, H.J. Heinz, Nucor Steel, Hershey Foods, ADP, Kellogg, and ServiceMaster. For purposes of continuity, the examples used in this paper will emphasize the efforts of Wal-Mart, Frito-Lay (Pepsico), ADP, and Emerson.

Table 1. Characteristics of Sustained Success

Primary	Support
1. Focus on high-growth/high-profit markets	7. Structure and policies aligned with strategy
2. High-value product/market strategy	8. Strong value culture
3. Superiority in key processes related to strategy	9. Broad employee authority and responsibility
4. Excellence in all major processes	10. Priority on the selection, development, and retention of employees
5. Faster rate of improvement than that of the competition	11. Underlying competencies to support strategy
6. Excellence in strategic leadership	12. Technology used for strategic advantage

FACTOR #1: MARKETS WITH GOOD GROWTH AND PROFIT POTENTIAL

The first key characteristic of those organizations that have attained a sustained advantage is that they have focused on, and in some cases created, a market segment or market niche that adheres to three important criteria. First, the segment must have sufficient growth potential in order to yield a solid return on investment. Second, the segment must have good profit potential. Once the business is fully operational it will yield profit margins that are above the industry average. Third, the organization must have the resources and capabilities to compete effectively in that segment. This does not mean merely participating in that market, i.e., just selling products or services to customers in that market. Rather, it means that the organization has the ability to be one of the dominant players and to control or dominate the market activities in that segment.

Careful Market Positioning

Conversely, the organizations that have attained success avoid those markets that do not meet the criteria specified. They will not enter a market that does not have considerable growth and profit potential or one in which they cannot effectively compete. If they find themselves in such a market, they make a quick decision: either turn the situation around rapidly or get out.

In fact, the research indicates that the successful organizations are masters at market positioning and are very active in moving in and out of markets, constantly improving their position. Thus, these organizations choose their playing fields carefully and participate only in those games that they have a good chance of winning.

Many successful organizations have formalized this characteristic by setting minimal market share, growth, and profit requirements for each of their individual businesses. For example, General Electric has specified that all business units, among

other things, must be either first or second in market share in their respective markets in order to be retained in the corporate portfolio. Emerson Electric has followed similar guidelines.

The Example of Wal-Mart

As a well-known example of this characteristic, consider the history of Wal-Mart stores. For the first twenty years or so of its corporate life, Wal-Mart focused on small-town America, building stores in towns such as Newport, Arkansas, and Neosho, Missouri. It effectively created a local monopoly in each of the towns in which it operated. Wal-Mart had an extremely attractive business concept in which it offered a wide variety of brand-name merchandise at prices that were a minimum of 20 percent less than those of the local competition. Just as important, the company knew how to make the formula work in small-town America; cost control and local autonomy seemed to be the keys. Wal-Mart needed a community of only 5,000 to ensure the success of its stores, whereas K-Mart needed a community of 50,000. Thus, Wal-Mart enjoyed many years of relatively little competition and continuous growth and used the time productively to improve and refine its operations.

Wal-Mart's market choice exemplified the three factors cited as essential to successful market positioning: it had good growth potential, as there are thousands of small towns dotting the U.S.; there was good profit potential if costs could be controlled; and the small-town market offered Wal-Mart the competitive advantage of little direct competition.

FACTOR #2: A HIGH-VALUE PRODUCT/MARKET STRATEGY

As defined here, market strategy refers to an organization's product/market strategy, i.e., what products and services the organization offers to the customer, for what prices, and under what terms or conditions.

The product/market strategy is what customers "see" when they deal with the organization. It is what the organization offers to the customer for purchase. Based on the product and service, price and conditions, the customer then makes a decision whether or not to purchase.

Organizations that have a "high-value" strategy focus on a specific combination of important needs of a target group of customers, and they develop products and services that satisfy that combination of needs considerably better than the competition's products and services do.

Ideally, this strategy satisfies the customer's needs in an absolute sense, i.e., the customer is well satisfied with the products and services received from the organization. In addition, the organization meets the customer's needs better than does the competition; in fact, the customer perceives an appreciable gap between the product/service value offered by the successful organization and that offered by the competition. (Note that value is always defined from the customer's perspective.)

The result of a high-value strategy is a steady stream of customers who:

- Think that they receive good value in the organization's products and services;
- Think that the organization's products and services are superior to those offered by other sources;
- Pick the organization as a vendor of choice;
- Are loyal to the organization and see no need to look at other possible vendors.

The Example of Wal-Mart

Wal-Mart is a clear-cut example of a high-value strategy. The company has identified, and satisfied, a combination of important needs of customers. Most notable of these are (1) a wide variety of general merchandise (2) of high quality (brand names) (3) at a very low price (initially 20 percent or more below other retail stores). Convenient location, pleasant store environment, friendly staff, and a few other desirable attributes add to the high value offered to the customer.

The value received by the customer who shops at a Wal-Mart store is not only high, but considerably higher than that offered by most competitors. Certainly there was a huge gap in the perceived value of Wal-Mart and that of its early competitors such as Ben Franklin, JCPenney, and Sterling, and this gap was the basis for Wal-Mart's explosive growth. One suspects that the gap may still be substantial when Wal-Mart is compared with the current competition, such as K-Mart and Venture, who use a similar strategy.

Varied High-Value Strategies

High-value strategies come in a variety of shapes and forms (for example, contrast Wal-Mart with Nordstrom department stores). The key to creating such a strategy is to identify a combination of important needs of a given customer group and to develop a method for serving those needs better (much better, it is to be hoped) than one's competitors. An organization thus "differentiates" itself from the competition by providing something of higher value to the customer in terms of the product/service itself as well as the price and conditions.

FACTOR #3: SUPERIORITY ON CRITICAL PROCESSES

There is absolutely no way an organization can execute a high-value market strategy without being "best-in-class" in several key processes that contribute to that strategy. It is this superiority in its processes that enables the organization to deliver a high-value strategy, and that is the basis for the organization's competitive advantage.

“Hidden” Superiority

A high-value strategy, which delivers “more” or “better” than the competition does, is usually quite easy for the competition to see and theoretically quite easy to copy. However, less obvious, and extremely difficult to copy, are the critical underlying processes that actually make the strategy work.

For example, one can easily analyze the store layout, merchandising mix, and pricing structure of a Wal-Mart store. At least theoretically, one could easily duplicate the Wal-Mart concept. However, this venture would be short lived because of the difficulty in replicating the key processes that allow a Wal-Mart store to provide a wide variety of high-quality merchandise at low prices.

In a sense, the key to the Wal-Mart business success is not in what you see, but in what you do not see. It is in the superiority of critical processes, such as store site selection, store construction, merchandise selection, purchasing, inventory replenishment, and other processes, that allows Wal-Mart to deliver its high-value strategy. It is the inability of the competition to achieve superior performance levels for these processes that makes it impossible to match, or exceed, the high-value Wal-Mart strategy. (As an example of this point, note the failure of direct imitators of this strategy such as Woolco, Zayre, and Ames, who were easily able to duplicate store layouts but unable to duplicate the underlying processes that made them work.)

“Best-in-Class”

An organization that is planning to achieve a sustained competitive advantage must develop “best-in-class” performance for those key processes that are necessary to deliver the market strategy. “Best-in-class” means that the processes deliver something better or faster or at less cost (probably all three and probably at a large margin) than the competition does.

The Example of Wal-Mart

Inventory Replenishment

Wal-Mart’s inventory-replenishment process is a case in point. This macroprocess begins with daily point-of-sale data that is sent to the company’s four thousand vendors via Wal-Mart’s private satellite communication system. Replacement merchandise is then sent from the vendors to one of Wal-Mart’s distribution centers in a matter of hours. The distribution centers use a “cross-docking” process, in which the delivered merchandise is sorted, repacked, and put on Wal-Mart trucks for delivery to the stores, frequently bypassing warehousing altogether. Using this process, the average Wal-Mart store receives replenished merchandise twice a week, in contrast to the typical twice-a-month deliveries received by competitors. This process is not only less costly than alternative processes, but it also ensures the ready availability of popular merchandise for the Wal-Mart customer to purchase.

Merchandise Selection and Purchasing

In addition to its superiority in the process of replenishing merchandise, Wal-Mart is clearly best-in-class in merchandise selection and in purchasing, both of which are critical to its strategy. It also is likely that the company is superior in several less critical but important processes such as site selection and store construction.

FACTOR #4: EXCELLENCE ON OTHER MAJOR PROCESSES

Not only do organizations with a sustained advantage exhibit “best-in-class” standards on several processes that are key to their strategies, they also perform well on *all* organizational processes. They may not be “best-in-class” on every process (and may not want to devote the time and money to be so). However, they are constantly in the top 25 percent in their industries.

Many of the organizations in our sample have mandated that all processes be mapped and that the outcomes of the processes be measured and monitored. The outcomes are then benchmarked against similar processes within the organization or against other organizations’ best-in-class processes. Improvement targets are then set for the processes, and the processes are changed, redesigned, or reengineered to meet those targets. The processes, for example, could be employee selection, employee training, succession planning, accounts payable, accounts receivable, equipment maintenance, product development, sales, marketing, or food service.

Contributions of Process Excellence

Process excellence across the board makes a couple of important contributions to an organization’s sustained success. First, it eliminates much wasted time, errors, and cost in the organization. Many products can be made or delivered in half the time, with half as many steps, with half as many problems, and at half the cost. This should delight the customer and the employees as well.

Second, in many if not most organizations that show sustained success, all processes are somehow linked to their market strategies.

The Example of Wal-Mart

Wal-Mart’s strategy makes it critical that the company have low operating costs and pass the savings on to the customer. Thus all processes must be quick and accomplished at low cost, whether they be site selection, store design, store construction, or employee training. Not every process has to be superior to that of the competition; however, all processes should be near the best in the industry. The company’s business is too fine-tuned to allow any process to slip into inefficiency.

Not surprisingly, the cumulative effect of all of this effort is that Wal-Mart’s operating expenses are approximately 5 percent less than those of its competitors—a substantial gap for this type of business. This advantage allows Wal-Mart to fulfill its

market strategy of everyday low prices and, in addition, gives the company plenty of room to maneuver, given some challenge by the competition.

FACTOR #5: CONTINUOUS IMPROVEMENT AT ACCELERATED RATE

It is not enough that successful organizations continuously improve their products and processes, create competitive advantage for themselves in the “value” they offer the customer, and develop superiority on critical processes related to their market strategies. The key to achieving *sustained* success is to improve *faster* than the competition.

Once an organization has built up a lead in a market area, it is difficult for competitors to catch up. It becomes even more difficult if the organization is continually improving its key processes and products. But if the organization is improving at a faster *rate* than the competition, catching up with the organization or surpassing it becomes almost impossible.

Continued Improvement Focus: Choice of Markets

One critical area of focus is the organization’s choice of markets in which to compete. To remain viable, any organization must continually reposition itself in the marketplace and refine its overall product/market strategy. As has been noted previously, the successful companies in the sample are masters at positioning. For example, note two recent Emerson repositionings: the purchase of Fisher Controls International, which, added to Emerson’s own units, now makes Emerson the leader in the rapidly growing global process controls market; and the sale to Goodrich shortly thereafter, in late 1993, of Emerson’s aerospace-sensor operations, a market that has been badly hurt by defense-industry cutbacks and the airlines’ financial difficulties. Thus, Emerson moved into the top position in a market that has strong short- and long-term growth and left a market headed for several years of problems.

Continued Improvement Focus: New Products/Services

The successful companies lead in the area of product innovation and see this as a way to keep ahead of the competition. For example, Frito-Lay changed the recipe for two top potato chip brands—Ruffles and Lays—and processes the chips with cottonseed oil instead of soybean oil, thereby enhancing the potato flavor as well as making the chips crisper and crunchier. ADP introduced “Audapoint,” which is a portable estimating system that uses laptop computers and is designed for auto claims adjusters.

Continued Improvement Focus: Operations

In the processes on the operating side of the organization, the successful organizations show substantial annual reductions in cycle time and cost, and improved quality, both in processes that provide the foundation for the market strategy and in those that are less

central. Thus, an accelerated rate of continuous improvement must cover the whole range of the value chain, from products and markets, to suppliers and material, to the manufacturing and service-delivery processes.

Invincibility Versus Risk

One should hasten to add that successful organizations are not invincible. Continuous, accelerated improvement, especially in the product area, means that organizations have to take risks. Sometimes those risks do not pay off. For example, consider Frito-Lay's heavy but unsuccessful investment in "Prontos," or Wal-Mart's ill-fated attempt at Hypermarts and shopping malls, or ADP's try at processing income tax filings. Risk and failure are part of the equation. Organizations have to take chances in order to move ahead, and sometimes they do not work out. The secret is to cut losses quickly and move on to something more promising.

Consistent Gains

Not every area in an organization will show dramatic gains every year, year in and year out. However, a multitude of improvements across the organization, whether they be breakthroughs or small gains, has a cumulative effect. Thus, we find GE's productivity gains per year running consistently at twice the industry average; Wal-Mart's sales per square feet of store space improving yearly at probably three times the industry average; and Emerson's reject rates for its electric motor production dropping below 50 parts per million.

Mechanisms Necessary for Improvement

If all this improvement is going to occur, there has to be a mechanism in place to allow it to happen. One interesting finding of the research is that all companies that show sustained competitive success often have several mechanisms in place to ensure annual gains in performance improvement. For example, consider GE's "Workout" and "Best Practices" processes, or Emerson's corporation-wide cost-reduction program that includes every employee, or ADP's reengineering teams, or Frito-Lay's "Creative Problem-Solving." In addition, these companies have extensive quality-improvement processes in place.

FACTOR #6: EXCELLENT STRATEGIC LEADERSHIP

The sixth primary characteristic of companies that have been successful over the last couple of decades is strong strategic leadership. Strategic leadership, as the term is used here, refers to the long-term strategy that the organization uses to control and to dominate markets. This strategy is developed and changed by top management, and top management creates the conditions that will ensure that it is carried out. The strategy permeates and unifies the organization.

Strong Commitment to Sustained Success

Creating an organization that will have (or creating the conditions that will allow the organization to have) sustained competitive success is a strong element in this factor of success. The overall goal is not to make a profit or increase sales or show good quarterly results. The overall goal is to position the organization in such a way that it can control the markets in which it chooses to participate.

Long-Term Thinking

Decisions are not made to “polish” the quarterly report. Instead, the focus is on long-term market control; if this goal can be accomplished, polishing the quarterly report will not be a concern.

Systemic Thinking

Broad-scale thinking encompasses the entire organization; obviously, an organization with sustained success cannot be achieved by focusing on just one aspect of the organization. For example, the key to success is not a superior sales force or state-of-the-art manufacturing. It is both of these and a lot of other things, such as purchasing, R & D, equipment maintenance, and customer service.

Cognitive Map

The leaders of a successful organization have a framework or a cognitive map of how to create an organization that will enjoy sustainable success. Although this map may not be easy to articulate, it is certainly there. It specifies the key variables that will lead to sustained success and also (less clearly) specifies the level of performance that is needed on these variables. The strategy of the organization then becomes the operationalization of this framework.

Leadership Examples

From the Wal-Mart examples already cited, it is quite obvious that Sam Walton had some very strong views on how to build a company. Jack Welch is another well-publicized CEO; he had a definite framework for the success of GE. Certainly his requirement that all GE businesses be first or second in market share, and the subsequent cleaning out of the GE portfolio, signaled at least one of his criteria for corporate success.

THE SIX SUPPORT FACTORS

In contrast to the primary characteristics discussed above, the second group of characteristics seems to play a support role in the attainment of sustainable success.

These characteristics certainly contribute to organizations' sustained success but are not, either individually or as a group, sufficient to produce it. Rather, their presence seems to be necessary for the primary characteristics to operate effectively.

Structure/Policy/Strategy Alignment

Successful organizations tend to have both structures and policies that are aligned with their strategies. For example, structures and policies are designed more around macroprocesses than around functional areas. These organizations have fewer layers of management than their less-successful competitors. They are certainly less bureaucratic and less rule oriented. They tend to be more "operational"; for example, their ratio of staff to line employees is many times lower than in less-successful organizations.

As a direct result of better alignment between operations and strategy, the successful organizations' costs of staff and management are lower, and decisions are made much more quickly and are more focused on the business end of the business than is true in less-successful organizations.

Strong Value Culture

The organizations in this study have clear and distinguishable cultures that are driven by sets of values that not only support their overall strategies, but are part of the strategies. For example, there is absolutely no question in any employee's (or supplier's) mind what key values are driving Emerson Electric or Wal-Mart.

High Employee Involvement

The successful organizations rely heavily on the involvement and contribution of their employees. They have high expectations of their employees. The employees are given responsibility and the commensurate authority. Thus, we tend to see less management, broader decision authority, more semiautonomous work groups, and more improvement groups in the successful organizations.

Priority on People

Successful organizations realize that it is the people of the organization who are responsible for the continuous improvement, the innovation, and the low level of need for management, supervision, and inspection. A high priority is placed on the selection of qualified personnel, the training and development of those personnel, and the creation of a climate that fosters the retention of employees.

Strategic Competencies

Strategic competencies are developed through a critical mass of experts in those areas that are important to the organization's strategy. For example, a high level of skill exists

in Frito-Lay's product-development areas, in Emerson's manufacturing areas, and in ADP's information-processing capability. After identifying the area in which the organization needs to be very, very good, the organization assembles the experts who can keep it ahead of the competition, thereby creating a strategic competency.

Technological Sophistication

There is no shortage of examples of this support characteristic, some of which already have been cited above, like Wal-Mart's replenishment process, or Frito Lay's hand-held computers for on-site store inventory, or Emerson's proprietary CAD/CAM software. For these companies, the strong, creative use of technology is one way to gain competitive advantage.

AN INTERRELATED MODEL

It is apparent that the twelve primary and support characteristics are interrelated and interdependent. All the pieces must be present, at least to a great extent, in order for an organization to enjoy sustained competitive success. With only a couple of pieces in place, an organization might have some short-term success, but that success is likely to fade over time. Perhaps the biggest hurdle that organizations seeking sustained success and growth will encounter is how to integrate the twelve characteristics into a complete system that is capable of ongoing competitive success.

THE ROLE OF HUMAN RESOURCES IN SUSTAINED SUCCESS

It seems apparent that the role of the HR practitioner is changing and will continue to change dramatically. There is no need for the traditional staff roles in the future organization; a separate unit that handles *all* of the "people issues" adds no value in an organization such as those outlined above. Much of what has been done in HR departments will be done in the operating units themselves (e.g., employee selection) or will be outsourced (e.g., compensation).

Role of the Change Consultant

The role of the HR practitioner will switch to that of a consultant; indeed, all staff functions will become primarily consultative. The value-added role is to assist the organization in identifying and implementing its goals—as facilitator, coach, counselor, and team member, as well as specialist when specific knowledge is needed.

It is not surprising that the consultant's focus will be on managing change. That is, and will continue to be, the primary organizational need. All organizations are experiencing dramatic change. At present, many organizations are not clear who will facilitate the design and implementation of the change effort. This is a natural role for the human resource consultant, as much of organizational change involves people change, and this is the difficult part of any change effort. The role requires that the

consultant understand the dynamics of the change process, including such questions as how best to introduce change; how to involve the work force; what the optimal pace is; how to deal with resistance; and so on.

Expert Knowledge and Skills

Traditional human resource skills will not become extinct; they will remain important, but they will not be used to administer a human resource function. Rather, they will be used to consult and advise on the “people part” of work design and the change to new work structures. Here an HR consultant can provide expert knowledge on issues such as selection, compensation, Federal guidelines, and training. How does a company develop a “strong value” culture? How can an empowered workforce best be developed? The HR consultant will no longer have a fiefdom from which to dictate these policies; the authority will rest with the line units, and the role of the consultant will be to work with these units to design policies that will maximize effectiveness.

Toward a Strategic Focus

Finally, much consultation work will center on assisting the organization and the units to identify those key success factors that are critical in a highly competitive environment. What does the organization need to have in place to compete effectively? This is the critical question of this decade. This article provides some guidelines for understanding the key factors. Each organization, however, is unique and must develop its own framework for success. The consultant will be needed to help the organization focus strategically and to facilitate the identification of those factors that are crucial for the organization to survive and to thrive.

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■ BUILDING A QUALITY-DRIVEN ENVIRONMENT: CONDITIONS OF SATISFACTION

Phil Ventresca and Tom Flynn

Abstract: This article presents a multidimensional look at the topics of quality and customer satisfaction. It introduces techniques that contribute to enhancing employee competencies, participation, productivity, and overall effectiveness. Optimum levels of performance can be achieved if the corporate culture is focused on serving the internal and external customer within the context of a standard of continuous improvement and quality.

This article introduces a three-dimensional model that sets the stage for strategic, organizational, and tactical implementation of a corporate culture that is committed to excellence.

INTRODUCTION

Organizations are transforming from stovepipe hierarchies to customer-focused enterprises that utilize cross-functional communications and shortened business processes. These organizations realize that customer satisfaction is imperative for long-term business survival. Quality and continuous-improvement philosophies are instrumental in achieving customer satisfaction. The High Performance Quality™ (HPQ) model illustrates the new type of organization in a three-dimensional framework.

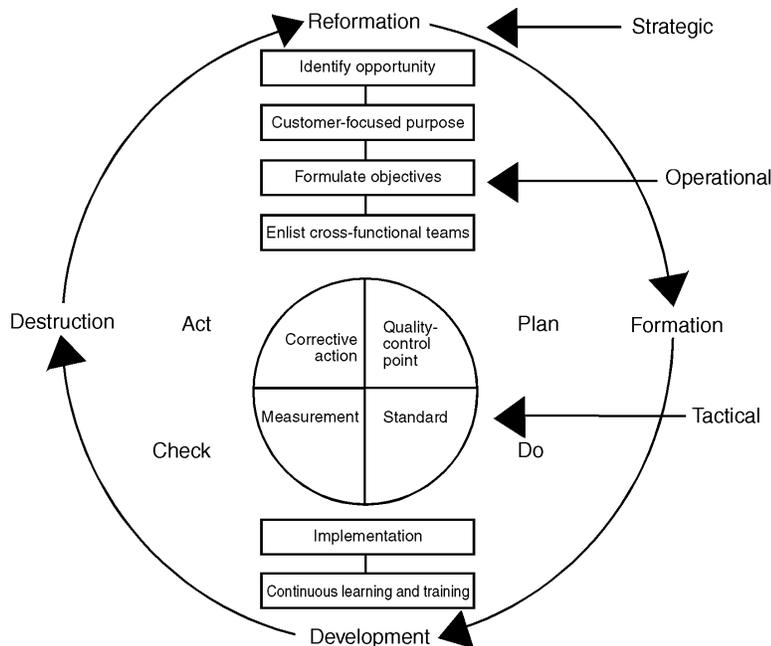


Figure 1. The High Performance Quality Model

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In order to accomplish true customer focus and satisfaction, most organizations must undergo shifts in their beliefs, cultures, and ways of doing things.

MAKING THE SHIFT TO A CUSTOMER-FOCUSED, QUALITY-DRIVEN CULTURE

Prepare for Change, Conflict, and Transformation

Creating a customer-driven quality environment involves both people and process. Understanding that every individual within an organization has a purpose and is in some way connected to the success and satisfaction of its ultimate customer is the first step in building a customer-focused, quality-driven environment. Internal and external customers must be treated equally. This is not an easy task. It takes time, commitment, and perseverance. Each individual must become a champion of the effort. Change will not occur until a critical mass has been established. When a critical mass begins to focus on the customer, excellence becomes a by-product.

A paradigm is a model of how something is done. The old paradigm is quality-control inspection of products and services after they are produced or implemented; this is “inspected-in” quality. The new paradigm is to design quality into the process so that products and services are error-free; this is referred to as “designed-in” quality.

In order to initiate a movement to improve customer satisfaction, it is necessary to identify the dysfunctional old structures. In order to achieve an improvement in the final results of work, an obvious change in the current methodology has to take place. However, change merely for the sake of change is not an effective course of action.

In order to create breakthrough improvement and customer delight, managers must reach beyond the comfort zone. Comfort is what happens to change when the energy is gone. In the initial stages of any type of change, one witnesses the energy inherent when something is dismantled or blown apart. This energy is often labeled as chaos, yet it is energy at work.

Figure 2 shows how the majority of individuals limit their thinking by perceiving boundaries around them.

A manager with an innovative imagination can utilize the energy as a springboard to propel a team forward. A leader’s courage and ability to foresee the lifeline of the energy cycle will determine the levels of motivation and inspiration generated among employees.

Managing effectively in an environment of change requires a willingness to reinterpret the everyday methods of operation. “Kaizen” is a fundamental Japanese societal concept that views change as a constant flux of opportunities. Kaizen combines the possibilities of improving quality, productivity, and customer service. Kaizen also means small improvements. If managers set a tone of receptivity to new ideas, it will foster innovation through empowerment, and the team will constantly search for excellence.

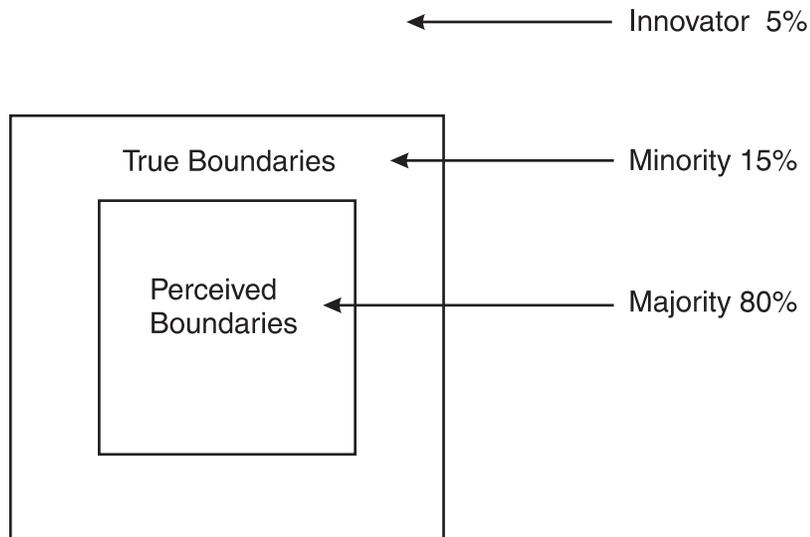


Figure 2. Innovative Thinking

Change will create resistance and discomfort. By creating, supporting, and maintaining an environment of open communication, management can ensure that those most adversely affected by the change are validated and included rather than being distanced. An effective system of open communication provides the support to get through roadblocks brought on by change. The decision to recognize rather than avoid resistance creates an opportunity to create inclusion, cohesion, and commitment (buy in). Buy in is essential for the development and success of a results-driven environment.

Our programming (automatic thinking) plays a large part in our ability to interact with others and situations. If a new idea or concept fits into our existing programming, it is perceived as common sense; when it does not fit, it is rejected. (See Figure 3.) This occurrence contributes to communication breakdowns and a lack of innovation and growth. Education can help to reduce the impulse to respond negatively or defensively to change.

Utilize Teams

Teams are an important and effective component of organizational functioning, for the following reasons:

- Team members deepen their understanding of their own work.
- Commitment and motivation are boosted.
- Better decisions can be made because the team has more complete knowledge about the process.

Team leaders must avoid the reverse-responsibility syndrome. No one person needs to be a hero in a team. Team members should be held individually and collectively

accountable for results. They also should be held accountable for their commitment to one another and to the team.

If customers and primary vendors are represented at team meetings, they must share the buy in. Management of a task or process is easier when there is agreement on need by all parties who are responsible for completion.

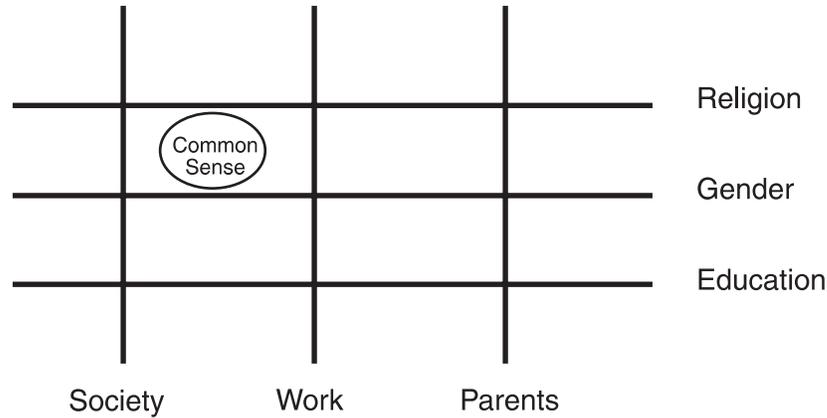


Figure 3. Automatic Thinking

THE CONCEPT OF DOWNWARD SERVICE

To serve effectively is to disappear. Although organizations' attention has been drawn to the necessity of top-to-bottom support for total customer satisfaction, determining who the customer actually is has been overlooked. Traditionally, the ultimate customer is defined as the end user or end recipient of a product.

In today's changing business environment, we are required to do more with less, increasing productivity and quality with fewer resources. The key to accomplishing this is to rethink who the customer is and to define the customer as anyone who is the beneficiary of our work. With this mind-set, the word customer creates a larger umbrella inclusive of organizations, co-workers, citizens, end users, and anyone who may benefit from our service.

Downward service is a cultural transformation. When higher levels of management aim support downward, toward those closest to the actual work or end product, it creates an environment that is conducive to success. Unfortunately, in most organizations, the flow of downward service is interrupted when someone along the chain focuses service back to the top, usually in order to yield greater personal results.

In a linear process, there is diametric opposition when one function of the process focuses upward while the balance of the function focuses downward. This interruption allows for adversarial role positions. These adversarial attitudes widen the gap, and the process repeats itself. This type of environment makes doing more with less virtually

impossible. Organizations must be willing to acknowledge these gaps and fill them with a continuous flow of downward service.

LEARN TO IDENTIFY, PLAN, AND MEASURE AGAINST CUSTOMER REQUIREMENTS AND EMBED QUALITY

On the process side, customer satisfaction can be illustrated by a simple model. This model is built on the principles of quality function deployment (QFD), a methodology that involves a set of matrices. These matrices help determine exactly what the customer wants. The elements that are critical to customer satisfaction are called “whats” and “hows.” Identifying the whats and hows will allow you to generate tangible results that meet customer requirements.

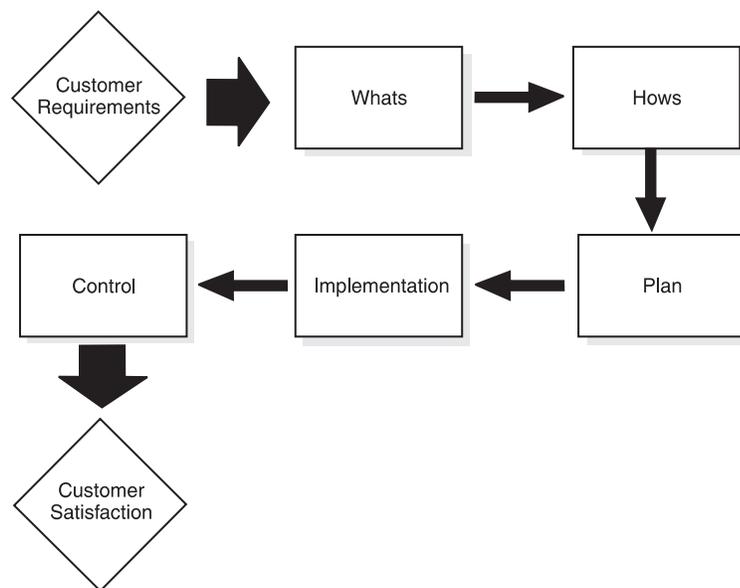


Figure 4. Quality Function Deployment

Whats

A what is simply what the customer wants—the individual characteristics of the product or service. Team members identify whats by working with the customers. The most effective way to do this is through a focus group.

For example, suppose a software developer wanted to develop a user-friendly instruction manual for its new product. It would conduct a customer focus-group meeting and ask the question: “What are the important elements in a software program’s user manual?”

The following five items might be deemed important by the customers:

- Good illustrations
- Availability on-line
- Written in simple language
- Spiral bound
- Easy-to-use index

Next, the team would ask the customers to rank these items in order of importance. This is often the most difficult task for the customer. A statement such as the following can be used: “If we can only accomplish one of these items for you, which should it be?”

When the responses are tabulated, the items can be ranked on a scale of one to five, with five being the most important. In our example, the rankings are as follow:

Whats	Importance
Good illustrations	4
Availability on-line	2
Written in simple language	5
Spiral bound	1
Easy-to-use index	3

Figure 5. Ranking of Whats

Using the Data

The data obtained from customers can be illustrated by means of a Pareto chart. This helps all concerned to see what the priorities are.

The next step is to translate the priorities into a project overview statement (POS) with the customer. The POS represents the daily track over which the team will travel. The statement also defines the boundaries of the project. To begin, clearly state what the product or service is that is to be developed or improved. This should include characteristics, elements, and features of the product or service, the name of the product or service, and specific adjectives that describe the product or service. Obtain agreement among all team members on this statement.

Hows

Virtually any idea that can help solve a problem or contribute to the creation of a new idea is a how. Hows consist of processes and methods. This part of the process uses the collective knowledge of the organization. The team will take the whats and assign hows.

The team should begin by asking: “What are some of the ways in which we can help accomplish the list of whats?”

After completing this exercise, team should assess the likelihood of completing each “how” task and weigh it against customer expectations. The team should also consider the effect of completing all “hows” on the budget and confirm that each is feasible.

Whats	Importance	Hows
Simple language	5	Write manual with 7th-grade English. Run Flesch-Kincaid grade level and reading-ease tests to verify.
Good illustrations	4	Print actual screens from program; supplement with easy-to-understand graphics.
Easy-to-use index	3	List all potential subjects alphabetically.
Available on-line	2	Have the user manual available to users by pressing "Help" key.
Spiral bound	1	Change binder.

Figure 6. Adding the Hows

If the team decides that the project is not feasible, a push-back strategy (i.e., "Plan B") may be necessary. Utilizing the data generated in the assessment, the team can generate a presentation to management and customers supporting the case for push-back.

A Customer-Focused Quality-Control Chart

A quality-control chart illustrates predetermined standards and allows immediate feedback and corrective action. It creates a foundation on which to build collective and individual performance assessments. It allows for true empowerment.

The quality-control chart documents the process of development and facilitates the implementation of control procedures. Proper use of the chart helps to maintain quality standards and allows all parties involved to stay active in business improvement and quality.

This type of methodology renders a highly interactive, empowered culture while delivering zero defect results to customers.

The first row of Figure 7 has been completely filled in as an example.

Once the elements of people and process are in place and functioning, there will be no limit to the success and total customer satisfaction achieved through this process.

Quality Control Point	Importance	Standard	Measurement Evaluation	Corrective Action
Good illustrations	4	Print actual screens from program; supplement with easy-to-understand graphics.	Easy-to-read graphics	Modify graphic design to increase readability.
Availability on-line	2	Have the user manual available to users by pressing "Help" key.		
Written in simple language	5	Write manual with 7th-grade English. Run Flesch-Kincaid grade level and reading-ease tests to verify.		
Spiral bound	1	Change binder.		
Easy-to-use index	3	List all potential subjects alphabetically.		

Figure 7. Customer-Focused Quality-Control Chart

■ ORGANIZATIONAL LEARNING: FROM AN ENTITY TO A PROCESS FOR ORGANIZATIONAL EFFECTIVENESS

Anthony Nathan, Dave Santi, Al Boeckner, Felice Bontempo, Bill Chisholm, Barry Colbert, Jim Hill, and John Tiley

Abstract: The concept of a “learning organization” (an entity) would benefit from consideration in a larger context. The primary focus must be on the quality and use of organizational learning (a process) and how to enhance it. The criteria for being an exceptional organizational learner are unique to the environment in which the organization operates. Examples of exceptional organizational learners (three businesses) and one extraorganizational learner (a country) demonstrate that a number of ingredients impact the success of an organization and its ability to learn. Each organization must be intentional about improving its learning and should design and apply a unique infrastructure for supporting exceptional learning within the broader context of organizational intelligence and effectiveness. Further, organizational learning functions within, and is affected by, learning in its larger environment, which can be a foundation for and synergistically impact organizational learning.

You can take away our products, services, processes, equipment, marketing strategy and money . . . but please leave the people because we can easily build all over again. Our ability to learn together is our distinctive competence that made us so attractive and successful, and got us where we are today: profitable.

—*The CEO of a company targeted for a takeover*

The concept of organizational learning is not new. What is new is that now, in their quest for competitive ability, organizations have recognized the importance of maximizing and accelerating their learning and are trying to do something meaningful about improving it. Those organizations that failed in the past to effectively improve their learning capabilities are faced with a momentous choice: either genuinely embrace and enhance organizational learning or gamble with mediocrity, decline, and obsolescence.

“The learning organization” has become the fashionable metaphor for the theory and practice of effective organizational learning. However, at least four pitfalls lie in the path of an organization that wants to become a learning organization: an evolving knowledge base, superficial understanding, inappropriate application, and inept implementation. The learning organization concept should be interpreted and applied with prudence, not with dogma.

Organizations also need to move to a larger context, beyond “the learning organization.” One dimension of this larger context is organizational learning, which is

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ultimately our focus. A second dimension is the difference between exceptional organizational learners and mediocre learners and the ingredients for exceptional learning. A third dimension is that organizational learning is impacted by the learning of the larger community and environment in which the organization operates. Finally, organizational learning is part of and should be appropriately applied within the broader context of organizational intelligence and, ultimately, organizational effectiveness.

EXAMINING THE CONCEPT OF “THE LEARNING ORGANIZATION”

The term “learning organization” is not very meaningful, because every organization learns to some degree. Learning is an inherent activity of all living organisms, and an organization can be viewed as a living organism made up of interdependent individuals. Organizational learning is basically a process of acquiring, retaining, and using competencies for changing thinking and behaviors at the individual and collective levels. Organizational competencies consist of individual-level competencies and collective-level competencies for dealing with the organization’s internal and external environments. Competencies refer to knowledge (facts, concepts, principles, ideas, decision rules, processes, procedures, logic, rumor, opinions, insights, and wisdom); values; motives; paradigms (thinking patterns, mental models and assumptions); hunches; feelings and other attitudes; and skills (mental and psychomotor). Both tribal organizations and modern conglomerates display a capacity to learn, albeit in different ways. Therefore, all organizations are “learning organizations,” regardless of whether their learning is incidental or intentional.

In attempting to provide more meaning to the term learning organization, its theorists have sometimes created definitions that are abstract, opportunistic, and value laden. The definition offered by Peter Senge (1990) in *The Fifth Discipline* seemed to capture the hearts and minds of HRD professionals most: “[an organization] where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together.”

Senge’s definition and models have popularized the concept of organizational learning. However, some aspects of his definition may require further scrutiny, given the following:

- Organizational learning is one of many complementary ingredients for expanding an organization’s capacity to create results.
- Organizational learning requires the nurturing of new patterns of behaviors, not just new thinking.
- In addition to learning, other factors are necessary for setting collective aspiration free. Moreover, although highly desirable, setting collective aspiration free is a value-laden goal. People often learn because they need to learn (e.g., to avoid

current or anticipated pain), not always because they want to learn (e.g., to derive mental stimulation or to seize an opportunity).

- In addition to learning how to learn together (collective learning), people should be proficient in individual learning.

The learning organization may not be a new concept. A review of the literature on “how to build the learning organization” begs the question of whether many established organization development, transformation, and renewal principles and strategies have been repackaged and refined to operationalize “the learning organization” concept.

Focusing on becoming a “learning organization” may distract an organization from its primary mission. Organizations are being taxed by the cumulative impact of continuous-improvement fads. In addition to “the learning organization,” executives and organizational effectiveness practitioners aspire to develop “total quality,” “sociotechnical,” “team-based,” “world-class,” “customer-intimate,” “excellent,” “high performance” organizations. All this is confusing employees, blurring the organization’s mission, and perhaps contributing to an organizational personality disorder.

An organization should focus its employees and stakeholders on the ultimate mission that it exists to realize. This may be creating the world’s most powerful computers, providing the most satisfying air-travel experience, or providing information to professionals in a particular field. John Rollwagen, the former CEO of Cray Research, was very clear about how things fitted in that company’s master plan: “At Cray, we exist to make computers. We’re also creating an organization that seems unusual and fun and challenging and stimulating and that kind of thing, but that’s not why we’re here.” In a competitive business world, organizational learning must be a means for enabling the organization’s mission and strategic goals. It cannot be an end in itself.

SHIFTING FROM “THE LEARNING ORGANIZATION” TO ORGANIZATIONAL LEARNING AND LEARNERS

The preoccupation with “the learning organization” is unproductive. Every organization must have the capacity to learn if it is to adapt and survive. This capacity for learning must be greater than the environmental changes that impact the organization. Therefore, the quality and use of organizational learning must be the issue that theorists and practitioners focus on.

To understand organizational learning, it is necessary to examine the differences between organizations that learn exceptionally and those that do not. Among other things, these organizations have the following attributes:

- Competencies for increasing or facilitating learning (e.g., systems thinking or team learning);
- An infrastructure for supporting learning (e.g., a process for learning from external sources and mechanisms for transferring knowledge within the organization);

- An ability to apply these capabilities effectively (e.g., front-line service employees consistently learn new customer needs and quickly communicate them to marketing people); and/or
- A track record of achieving desired learning results (e.g., quickly analyzed customer complaints and developed measures to delight customers and prevent problem recurrence).

Thus, what really differentiates organizational learners is the nature and quality of their learning capabilities, their resultant functioning, and their results relative to—and in dynamic relationship with—the unpredictable environments in which they must thrive. Given this, an organization can be described as an exceptional, mediocre, or subpar learner. The value of this distinction is that it offers a context for understanding how to enhance organizational learning.

Exceptional Organizational Learning

Organizational learning is the process of developing, transferring, and using relevant competencies—on an individual and collective basis—to increase the organization’s capacity to transform itself and adapt to its changing environment.

More specifically, organizational learning is the process of continuously, systematically, and expeditiously:

- Identifying, acquiring, developing, mastering, retaining, managing, evaluating, and improving relevant individual and organizational competencies and
- Retrieving, transferring, and using the organization’s cumulative competencies
- On an individual and collective basis
- To help change the organization’s perceptions, thinking, and behaviors,
- Thus increasing its capacity for accomplishing desired results
- And transforming itself to thrive in its changing environment.

“Desired results” are performance outcomes (1) that are aimed at meeting organizational needs valued by key stakeholders as desirable, appropriate, and meaningful and (2) that meet or exceed expectations. Wherever possible, organizational needs should espouse both people’s (as individuals and collectively) needs and business needs.

Organizational learning can be described as exceptional if, for example, it is strategic, performance-based, proactive, timely, relevant, continuous, cumulative, comprehensive, paradigm-busting, systemic, shared, interdependent, appropriate, and so on, relative to the adaptations required to respond appropriately to the organization’s market, competitive needs, and other environmental needs. Each organization’s key stakeholders should identify the learning attributes that are most relevant to the organization.

Exceptional organizational learning requires a balanced emphasis on determining what to learn and why (learning product) as well as managing how the learning is optimally accomplished (learning process).

Exceptional learning should not be confined to traditional functional needs. Organizations have to imaginatively identify important needs that learning can support, such as strategic planning, benchmarking, problem solving, project management, experimentation, lessons from experience, knowledge transfer, scenario planning, environmental scanning, alliances, and so on.

The purpose of organizational learning should be to contribute to the accomplishment of desired results, i.e., effectiveness (see Nathan, 1996). It is therefore important to determine where learning fits in and contributes to the larger systemic context of organizational effectiveness. Organizational learning is not an end in itself.

Exceptional organizational learning requires both individual (independent) learning and collective (interdependent) learning. As individuals, people should be willing and proficient learners who take personal responsibility for optimizing their learning. They should continually assess their competence gaps and master the competencies necessary for performance and growth. Many organizations have a variety of learning mechanisms (e.g., classroom or interactive training programs) for supporting individual learning.

An organization's people also should learn as a collective. This includes learning as teams, cross-functional groups, systems, value chains, organizations, and transorganizational and/or community groups. Successful collective learning is synergistic. If unsuccessful, collective learning anergistically yields less than the sum of individual learning results. Collective learning requires certain learning systems, behaviors, and tools, many of which are different from those for individual learning. It also requires an orientation to the broader environmental context in which the collective operates and a mutual commitment to a shared vision of its future.

Any level of organizational learning is achieved by accident and/or design. Learning can occur incidentally in the course of day-to-day transactions. Such chance learning yields mixed results. Intentional learning results from an organizational commitment to learning, consciously set learning goals and strategies, an infrastructure of learning capabilities, and application of these capabilities to achieve the required learning results. Exceptional learners are able to effectively increase the quantity and quality of intentional learning.

Exceptional Organizational Learners

An exceptional organizational learner is highly proficient in fostering, utilizing, integrating, managing, sustaining, and renewing exceptional organizational learning. Such a learner has an increased capacity for accomplishing desired results and transforming itself to thrive in a changing environment.

An organization needs to interpret, operationalize, and elaborate this definition based on its individual environmental context. Each organization (or even a suborganization within a large organization) will have a relatively unique set of

attributes that characterize it as an exceptional learner. It also can take different paths to enhance its learning.

The criteria for assessing whether an organization is an exceptional, mediocre, or subpar learner may be based on how well it does the following:

- Measures up on an organizational-learning standard;
- Has learned the necessary competencies to accomplish the results desired;
- Has developed and applied the organizational capabilities and practices for effective learning;
- Has used each learning channel (e.g., discovering, developing, using, and transferring competencies) to increase appropriate learning; and
- Compares against benchmarked organizational learners.

Examples of Exceptional Organizational Learners

The Royal Dutch/Shell Group of Companies, Singapore International Airlines, and Cray Research, Inc., are three examples of exceptional organizational learners.

Royal Dutch/Shell

The Royal Dutch/Shell Group tops *Fortune* magazine's Global 500 rankings in terms of profits, having made over \$6.23 billion (U.S.) in 1994 (Global 500, 1995). It is one of the world's largest corporations in terms of revenue and market value and is also the world's largest energy company.

In recent years, a number of books on organizational effectiveness have cited Shell's learning prowess from scenario planning. Shell leaders learned to expand their mental models of strategic possibilities, ramifications, and contingency actions based on "what if" environmental scenarios. They were able to proactively capitalize on opportunities and defend against threats related to markets, competitors, products, technologies, and organizational capabilities that their competitors did not anticipate.

What is not well reported is that this learning capability is underpinned and enabled by the company's HAIR (helicopter perception, analysis, imagination, and sense of reality) thinking capacity. Relative to the competition, Shell's leaders at all levels have an intuitive ability to quickly:

- Examine relevant, complex, and unfamiliar issues from a higher, broader, longer-range, and different perspective;
- Simultaneously zoom in on important details within the total context of issues, and determine systemic relationships and meanings; and
- Consider wider viewpoints, creative yet useful alternatives, and realities in reaching judgements, making decisions, and taking timely actions.

Shell intentionally nurtures this breadth of perspective and fast learning in its leadership talent. Decades ago, the company's recruitment, learning, potential-appraisal, performance-appraisal, reward, career-development and succession-planning systems were realigned to facilitate this change. Shell is able to estimate the current potential of each manager for a higher-level position, based on his or her demonstrated ability to think, act, and lead strategically. The careers of Shell's leaders are carefully planned to develop and utilize their fullest potential. They are moved through appropriate jobs and Shell businesses at the right pace, which exposes them to increasing responsibility, greater challenges, and broader experience.

Thus, Shell develops leaders who learn fast, systemically, and creatively. This core mass of role models levels up learning in the company, by influencing other employees and catalyzing and multiplying the organizational learning environment.

Shell's imaginative leaders have the courage and drive to see new ideas and possibilities beyond existing or familiar boundaries. They support the creation of and experimentation with novel organizational learning principles and approaches, years—sometimes decades—ahead of other companies. For example, in the 1970s, Shell contended that the organization as a learning system is central to organizational effectiveness. This was a plausible notion of “the learning organization” more than a dozen years before Peter Senge popularized the concept. In addition, the company pioneered dialogue techniques and work groups to enhance team communications, continuous learning, and development.

The Group Human Resources and Organization function in London and The Hague develops and disseminates guiding strategies, principles, technologies, and programs on organizational effectiveness. In 1971, for instance, Shell had a personnel policy on “The Behavioral Sciences and Organization Development.” In 1980, this was replaced with a new policy titled “Organization Development and the Management of Change.”

The corporate specialists usually do not foist their strategies and systems onto the operating companies. This is because Shell has a decentralized, diversified, and widespread operating structure and a decision-making culture that requires the consensus of multiple stakeholders. Instead, the corporate organizational-effectiveness specialists offer information and guidance to educate and empower the operating companies to commit to new principles and approaches. Local leaders at all levels are taught to manage change and to prepare people for future challenges.

Singapore International Airlines

Singapore International Airlines (SIA) is the most profitable company in the airline industry. It also has been ranked the world's best airline for many years. SIA has won the prestigious *Conde Nast Traveler* “best airline” award for the last seven years. The 1994 Zagat Airline Survey (conducted by a U.S. consumer-survey company) gave SIA 28.85 points on a thirty-point scale, based on comfort, service, timeliness, and food. Swissair, the second best airline, scored 23.93 points. SIA's home base, Changi Airport, is regularly voted the world's best.

SIA is the industry leader in product and service innovations, having pioneered free drinks, meal options, free headsets, sky phones, facsimile service, inflight entertainment systems, and more. It also has the youngest fleet of any major international carrier, with an average plane age of under five years. Its \$23 billion of aircraft purchases in 1994 and 1995 again set new records.

The airline's success is remarkable, considering its limited access to the heavily protected markets it flies into. Because Singapore has only one airport, SIA typically has to deal with restricted traffic or landing rights in countries that have many airports.

A key reason for SIA's success is its ability to transform ahead of the game and to influence the future of the airline industry. It learns about its current and future environment, anticipates threats and opportunities, examines its paradigms for dealing with these issues, evaluates strategic alternatives, and changes direction proactively.

The company strives to learn from the successes and failures of its own strategies and those of its competitors. Many of its competitors keep repeating their mistakes or ignore opportunities because they avoid reviewing, analyzing, and learning from their experiences.

Dr. Cheong Choong Kong, SIA's managing director, states, "It always amazes me that hardy, seasoned professionals should alternate between euphoric excess during boom times and severe depression during troughs. So when times are good, they go on purchasing binges, ordering aircraft as if the good times will never end; and then when times are bad, they do the opposite: they retrench staff and cancel orders The trick in this game, I think, is to pursue a steady growth path . . . to postulate a growth rate that we think we can sustain over a reasonable period and then we plan our resources accordingly. We think this is an eminently sensible thing to do because the planning cycle for many of our more important decisions is longer than the business cycle. For example, if you recruit and train a cadet pilot, it will be more than ten years before he has sufficient training and experience to become a captain. This is a simple principle, but one which is broken routinely at great cost to the industry The smaller airlines, especially in the region around us with operating costs far below ours, are constantly improving, and the gap in the service level—in quality of service—is closing. So we must always be alert to all this—alert to shifts in passenger preferences, shifts in the market. That is why we are constantly looking at our operating costs, at the way we perform our tasks, at what we need to do to re-invent success" (Beckerling, 1994).

SIA is featured as a "learning organization" case study in the book *Global Learning Organization: Gaining Competitive Advantage through Continuous Learning* (Marquardt & Reynolds, 1994), along with Motorola, Honda, General Electric, Corning, Xerox, Analog Devices, Tatung, Asea Brown Boveri, and other organizations.

This 25,000-member company has an effective framework for developing a learning culture throughout it. Cross-functional, problem-solving teams are encouraged. Leaders at all levels are skilled in managing change. The company spends \$100-200 million on training annually. It has at least six sophisticated training centers that provide management development, engineering, cabin-crew, flight-operations, computer, and

commercial training. In management development, the company strives to develop leaders who have insight, fertility of ideas, and the learning capacity to effectively deal with a complex range of issues. To increase the quality of organizational learning, each learning-related function is managed by talented people.

The company's strong commitment to learning comes from the top. SIA's chairman or deputy chairman chairs the human resources committee, which sets strategic guidelines on organizational-effectiveness and human resource issues. "Former staff and those who know Joe Pillay (the former company chairman) add that he is a firm believer in learning. In any organization he heads, training soon becomes a buzzword. 'He really believes that anyone can be trained. That although we are all of different abilities, we can meet targets with the right support and training,' said a government officer who worked with him for four years" (Ibrahim, 1995).

SIA has a rigorous process to recruit new people—both managers and other employees—to ensure that it has people with the right values, competencies, and learning capacity for dealing with its future challenges.

Cray Research

In 1992, the best product of Cray Research, the supercomputer manufacturer, could make fifteen billion calculations per second. The company's definition of supercomputing frontiers did not stop there. In 1995, breakpoint learning resulted in a supercomputer capable of one trillion calculations per second. A single person using a hand-held calculator would take 150 years to complete a comparable task.

The dynamics of the supercomputing marketplace drive Cray Research's people to new accomplishments. They realize that whatever worked well for the company in the past will not work in the future. To sustain their mission of creating the most powerful and highest-quality computational tools to solve the world's most challenging scientific and industrial problems, they have to be constant beginners.

Cray Research people have to continually examine their sacred cows and paradigms and reinvent technologies—sometimes radically—to generate the breakthroughs required. Accelerated, self-directed learning is necessary for increasing Cray's capacity for invention and transformation. Cray Research's people are ". . . continually trying to do things that haven't been done before. People realize pretty quickly that there is no plan and that nobody else is doing the same job. They can say, 'I have to build this and I don't know how.' And the boss will say, 'Find out'" (Galagan, 1992).

According to John Rollwagen, then CEO of Cray Research, this renewal culture was shaped by Seymour Cray, the company's founder: "Seymour lived on a lake in Wisconsin, and he would pass the long winters there by building sailboats. Some of them were pretty big. In fact, the last one he built was 36 feet. He would build the boat in the basement and when the weather grew warm, he would drag the boat out to the lake and sail it around all summer. Every fall, he would have a party—a cookout on the beach with a big bonfire. He'd encourage people to dance around the fire, and at a certain point they would burn the boat. *Just burn her right up!* I think Seymour burned

the boat each year because he wanted to start over again with a clean piece of paper and build a better boat. He was a constant, constant beginner. I tell that story a lot at Cray to remind us how important it is to begin again” (Galagan, 1992).

The company has learned to challenge its assumptions and let go of its old learning and rules where appropriate. It burns its old boats, however, without losing what it takes to make a boat. Some of the company’s past learning still provides a solid basis for creating a new generation of products.

Cray’s work environment supports constant beginnings. The top leadership strives to foster learning, risk taking, innovation, personal responsibility, communication, openness, trust, recognition, flexibility, and fun. People have a sense of confidence to “go ahead and try it; we’ll make it work.”

THE NEXT WAVE: LEARNING ON AN EXTRAORGANIZATIONAL LEVEL

Learning does not occur just within the boundaries of an organization. We are beginning to see more examples of learning orchestrated on an extraorganizational level—transorganizational, community, country, regional, and global learning.

Organizational learning must be considered within the context of extraorganizational learning. A company that is operating in a community that learns exceptionally and continuously can benefit from the positive synergy that this environment provides. A community that values continuous learning, development, and transformation can enable and leverage a higher level of learning in its organizations.

Communities that excel at learning may have visionary political leaders who deeply value learning. These communities also may be driven to learn by intense current or anticipated pressures, such as resource constraints or economic competition. They may have educational systems that offer learning that is continuous, broad, business-oriented, or globally oriented as well as that provide opportunities to acquire thinking and learning skills.

Singapore is an exceptional learner. Starting from a very low base, this tiny city-state has continually accomplished breakpoint transformations over the past thirty years. It is the second-most-competitive country in the world, and is rated highest in people, government, finance, domestic economic strength, and internationalization. Its thriving economy, growing at 8 to 10 percent each year, has made it one of the richest countries in GNP per-capita terms. Foreign investments are actively sought, and *Fortune* magazine and other analysts say it is the best place in which to do business and invest. The government has been turning in budget surpluses for decades, and the country has over \$80 billion in foreign reserves. It is one of the most open economies in the world. Its exports are at 170 percent of GDP. Singapore’s quality of life has been rated very highly, especially in social stability, political stability, living standards, public services, infrastructure, personal satisfaction, and personal security. The unemployment rate is less than 1 percent. It has the highest per capita savings rate of any country, and 92

percent of the population own homes. Singapore is striving to be the world's first fully information-networked society.

Although it is a country, Singapore can provide organizations with relevant lessons on how to learn and succeed. It is also an interesting example because it goes against many preconceived notions of how a country should function.

Often dubbed Singapore, Inc., the government of this tiny country is very business oriented and applies leading-edge management and economic principles. "Fortune 500 executives love it here because the government runs the country the way AT&T would" (Naisbitt, 1994). Singapore is recognized as having the best government for supporting national competitiveness. It has successfully guided change at an unprecedented rate. By the 1960s, the government foresaw continual transformation as essential, given the country's severe resource constraints. Singapore's "(competitive) advantage is not predestined. It is created through imagination, dedication to excellence and teamwork . . . Singapore must become a synonym for quality, reliability and excellence" (The Government of Singapore, 1991).

Singapore's success was achieved by leveraging its only and most precious resource: its people. As Ewing-Chow, Phoon, and Law (1994) commented, "With no natural resources or hinterland, Singapore's tremendous investment in its people was a matter of national survival. Its ability to harness scarce human resources is a case study from which many lessons can be drawn." Leveraging a country's people requires a strategic, comprehensive, and aggressive approach. Singapore's government committed to ". . . invest heavily in our people, to enable them to move up to higher value-added and hence better paid jobs. . . . skills and knowledge will become even more crucial. . . . We need to work smarter, be better organized and discover new work methods. We can achieve this through innovation, technology and teamwork There will be opportunities for life-long learning so that Singaporeans can continue to develop" (The Government of Singapore, 1991). Short-term events are not allowed to distract migration toward these long-range goals.

Learning is approached in a creative and disciplined manner in Singapore. For example:

- Mechanisms are created to help the country forge and learn from external alliances. For instance, the government's Economic Development Board set up an international advisory council to promote the exchange of information, perspectives, and contacts as well as to advise EDB on its international work. It comprises the chairmen and CEOs from the corporate headquarters of top companies such as Royal Dutch/Shell, Matsushita, Kodak, Siemens, Hitachi, Glaxo, Becton Dickinson, RR Donnelly, and Ishikawajima Harima.
- Knowledge is deliberately brought into the country. During the 1960s, Singapore pioneered the large-scale use of multinational corporations to catalyze its economic development. At the time, prevailing economic opinion cautioned against this strategy. Today, there are over 3,000 multinational

corporations represented in Singapore. Mechanisms are in place to transfer the MNCs' knowledge relating to technologies, management practices, and the global marketplace. In addition, the presence of world-class organizations has upgraded the paradigms of the population with respect to learning, change, and competitiveness.

- Singapore continually learns from the experiences of others. The government and analysts observe the strengths and setbacks of other countries and major corporations, communicate this information publicly, and consider these issues in developing strategic directions for the country.
- Since the 1960s, the Singapore civil service has recognized the limitations of the traditional civil-service model in a rapidly changing world. It therefore searches for alternatives and benchmarks exceptional business organizations rather than other governmental agencies. It applies relevant lessons quickly, rather than trying to catch up when it is too late. It continually sends teams of its most talented employees to study organizations abroad, including organizations that operate in very different environments. Team members are chosen for their openness to new ideas. Unhindered by hubris and the “not invented here” syndrome, they are able to see the possibilities of experimental or unorthodox practices before they have been fully accepted. For example, in the 1970s, the civil service discovered that a number of Royal Dutch/Shell's organizational-effectiveness systems were ahead of their time. It sent teams to investigate Shell's novel practices. By the early 1980s, it acquired a number of Shell's systems and learned to apply and improve them. It even sought the help of the original developers of Shell's potential-appraisal system in order to gain an accurate understanding of it.
- Management recruits in the civil service usually have high academic honors from a premier university. They are evaluated, developed, rewarded, and promoted according to their ability and potential, regardless of seniority and age. This is based on criteria such as visionary thinking, “helicopter” perception, imagination, forward-looking analytical ability, sense of reality, leadership aptitude, courage, and dynamism. These criteria were adopted from benchmarked business organizations and were deemed essential to lead the country in an unpredictable world. Candidates are sent for advanced degrees at universities such as MIT, Harvard, and Cambridge. This provides an opportunity for reflection and new experiences. Job attachments to private companies provide experience in the private sector. Overseas postings develop a better understanding of the international environment. Managers are allowed to make mistakes, as long as they learn from them. Their jobs are rotated every few years to provide more challenges, develop their thinking agility, and disseminate new perspectives and knowledge throughout the organization. Those who are unable to make the grade are reassigned. In addition, a proactive

executive-renewal process ensures fresh perspectives and energy for long-term challenges.

- Singapore experiments with new ideas; if they do not work, it cuts its losses and changes. For example, in the late 1970s, the civil service studied the quality movement in Japan and the U.S. By the early 1980s, it was the first civil service in the world to pioneer an organization-wide quality management effort. Senior management formed a steering committee and agreed to sponsor the effort for at least fifteen years, in order to provide enough time for learning. Most departments organized work-improvement teams and cross-functional task forces to systematically analyze issues, solve problems, and seize new opportunities. Employees contributed ideas and solutions, regardless of function or job level. With a vision of how higher-quality service could improve quality of life, the civil service focused on understanding and satisfying its customers, forging a culture of service excellence, and evolving a continuous-improvement mentality. These efforts helped to spearhead the quality movement throughout the country.
- The government models learning and innovation. Singapore's deputy prime minister says, "From time to time we have to rethink policies completely, when changed circumstances make a fresh approach necessary. Once in a while we have to break the mould, and start from scratch" (Chua, 1995). Thirty years of taking quantum leaps also have made the population more resilient to breakpoint learning and change. Strategies are in place to develop further resilience. For example, ". . . institutions seldom maintain the status quo for long, but are constantly given new mandates, new challenges, and new structures as the economy progresses. This dynamic state has made Singapore less resistant to change . . . workers and unions realize that the next new thing is not a big threat to them" (The Government of Singapore, 1991).
- A holistic understanding about the country, its long-term constraints, and other survival and success issues is intentionally cultivated. The government believes that the population "must become a thinking, creative society, one with a sober realization of the dangers which may befall us, but also a lively appreciation of new ways to earn a living and prosper. This is the way to capitalize on our limited talent pool, and make up for our small numbers" (Nathan, 1989). The prime minister's televised National Day address each year reads like a report to shareholders. Feedback is provided on progress toward goals, returns to people are highlighted, major opportunities and problems are discussed, and future strategies are identified.

The government continues to spearhead the development of a shared national vision for the country, describing the desired future. In the 1980s, a committee of ministers, with the assistance of task forces and private groups, obtained ideas from the entire country on how various aspects of life in Singapore should be managed and what ideals

were cherished by the people (The Government of Singapore, 1991). The process has helped to develop widespread understanding of and commitment to this vision. The government is now working on a shared vision for the new millennium that will emphasize the nontangible aspects of life and greater opportunities for people to fulfill their aspirations.

Economic problem solving in Singapore is open and transparent, and dialogue and collaboration is encouraged, especially during planning stages. The focus is on solving problems and giving people the basis to make more intelligent decisions. “Issues are aired and debated, disagreements vented, and consensus achieved—all in the public eye. Such frank disclosure and discussion allows every Singaporean to become aware of the issues and actively participate in developing solutions. Solutions, when implemented, seldom meet serious public obstacles or opposition and are often highly successful because the public has understood and digested them” (Ewing-Chow et al., 1994).

Singapore measures its total-factor productivity (TFP), which refers to increased productivity through the efficient application of greater competencies. It is a key measure of the efficiency with which economic resources are utilized. The country is paying more attention to TFP as it moves closer to its current production frontier, which indicates the maximum its economy can produce, given prevailing technology. The government believes that new ideas, new technology, innovation, and efficiency are continually required to push beyond this production frontier and maintain the country’s economic growth and vitality.

HOW TO BECOME AN EXCEPTIONAL ORGANIZATIONAL LEARNER

To become an exceptional learner, an organization must have at least three attributes:

- A commitment to the worth and use of learning as a core value;
- An effective organizational-learning infrastructure; and
- Disciplined application of the learning infrastructure.

Commitment to the Worth and Use of Learning

First, the organization must develop the willingness to embed organizational learning into its functioning. For this to happen, its key stakeholders must continually strive to better understand organizational learning and its impact on their organization. They have to value learning as a strategic investment for creating sustainable competitive advantage and commit to ensuring that the organization’s learning results remain ahead of its customers’ needs, competitors’ learning, and other environmental needs. In addition, they must develop an organizational learning strategy to support the business strategies. Organizational learning should be driven by and aligned with corporate directions. Finally, they must integrate learning into the strategy implementation and daily operations. Learning must be a key issue in any strategic or operational decision.

The key stakeholders' conviction must be demonstrated through their stated beliefs and actions. Such conviction typically evolves over time as stakeholders begin having positive experiences with organizational-learning results. However, it may occasionally result from a leap of faith, especially when an organization anticipates severe pressures in the near future or hires new executives who strongly believe in learning.

Management conviction may be the most important prerequisite for exceptional organizational learning. Unfortunately, genuine conviction is hard to obtain. Even though executives and managers often state the prevailing clichés about organizational learning, this does not mean that they genuinely understand and sponsor its practice.

One of the reasons for this is that many executives and managers are becoming indifferent to organizational-effectiveness strategies. Many of the popular interventions such as the learning organization, total quality management, and business process reengineering are basically repackaged forms of organizational-effectiveness concepts that have existed for years. Executives and managers have had more access to these concepts recently, and are hearing the same things packaged as "new." It has amounted to an overdose of state-of-the-art common sense. Unfortunately, as Warrick (1994) says, common sense is not always common practice. Many organizations engage in only half-hearted (rather than disciplined) or short-term application of these ideas, and when the results are disappointing, they blame the concepts.

An Effective Organizational-Learning Infrastructure

Second, the organization must build the means to enable exceptional learning. If executives recognize that exceptional learning is critical to the organization's success, then they must be deliberate about designing and establishing a learning infrastructure, instead of leaving it to chance. No amount of management rhetoric or exhortation alone will induce desired learning on a consistent basis. Executives need to passionately champion and integrate this learning infrastructure into the organization. In particular, they need to make the freedom to learn a priority.

Key stakeholders have to develop and institutionalize an integrated infrastructure of learning capabilities and functioning. Capabilities are elements that enable organizational learning; functioning is the activity (operation) of a system of capabilities that are aimed at generating organizational learning.

Learning capabilities may be tangible or intangible and include the following:

- A strategy (a learning vision and strategy integrated into the corporate strategic plan);
- Guiding principles about learning;
- Structures (e.g., a learning council or a learning-and-development function);
- Leadership (management sponsorship and participation);
- Accountabilities and roles for learning;

- Systems and processes (e.g., mechanisms for learning from other organizations, an incentive system to reward learning);
- Organizational learning theories;
- Tools (e.g., force-field analysis, an information database);
- Competencies (e.g., systems thinking, team learning);
- Resources (e.g., facilitators, learning centers); and
- Core values, culture, and paradigms (e.g., personal and group responsibility for contributing to learning).

At any point in time, an organization has a certain mix of learning capabilities. Within this mix, each capability is at a certain level of functioning. With the right mix of highly developed capabilities and functioning designed into it, the organization becomes more adapted to learn exceptionally. This learning infrastructure increases the chance that a certain level of learning will occur consistently. Thus, learning is intentional rather than incidental.

Disciplined Application of the Learning Infrastructure

The organization must apply its learning capabilities to foster and sustain a conducive environment for accomplishing desired learning results. People should be educated in how to use this environment for supporting their learning. All organizational leaders should act as mentors, coaches, and facilitators who encourage and support the learning and growth of the workforce. Feedback mechanisms are necessary to assess and manage the learning strategy, the process, and the results. Measures should be taken to communicate and reinforce learning successes. Compensation and other reward systems must be aligned to encourage people who are eager to learn and improve.

The learning environment must support people in learning necessary individual and collective competencies. For example, people can be allowed to experiment with nonconventional learning. Resources can be freed up to work on “clean sheet” approaches to innovation. Learning from mistakes or successes can be encouraged and shared. Learning sessions can be held to encourage dissemination of insights among different functions. Employees in one operation can rotate jobs in another operation, to help them understand the challenges faced by their internal customers.

The learning infrastructure is a key part of the organizational infrastructure required to accomplish of the organization’s superstructural interventions (e.g., continuous improvement efforts such as total quality management) and other desired results (e.g., strategic initiatives such as reduced cycle time).

THE LINK BETWEEN ORGANIZATIONAL LEARNING, ORGANIZATIONAL INTELLIGENCE, AND ORGANIZATIONAL EFFECTIVENESS

By increasing their individual and collective competencies, learning increases the range of people's *potential* thinking and behaviors. Given this, learning is one—albeit a necessary—means for expanding people's capacities and readiness to contribute. Ultimately, it is their collective intelligence for utilizing this capacity that accomplishes desired results.

Organizational intelligence is the capacity of an organization's people—at the individual and collective levels—to effectively and quickly do the following:

- Think about the organization's internal and external environment. This includes obtaining feedback and other information; analyzing the essential facts (known and presumed) in a complex matter; interpreting the meaning of ideas, systems, and interrelationships; evaluating current paradigms; considering creative possibilities; making judgements based on rational and intuitive reasoning; and evaluating decisions and actions.
- Take action to deal with existing and new (anticipated and unanticipated) challenges in the environment; and
- Learn from experience and other stimuli in the environment and effectively utilize this learning to accomplish desired results.

Organizational intelligence enables people to effectively perceive, interact with, and adapt reactively and proactively to the organization's environment. By expanding its intelligence, an organization increases its ability to identify its purpose, set its direction, accomplish desired results, and transform itself to meet environmental challenges and proactively shape its destiny.

Neither learning nor intelligence should be ends in themselves: Learning is a means to and a part of intelligence. In turn, intelligence is a means to organizational effectiveness. Many issues discussed under the banner of organizational learning should be reinterpreted in the broader context of organizational intelligence and organizational effectiveness. The value of this is illustrated in the following example.

“Mental modeling” (e.g., scenario planning, as practiced by Royal Dutch/Shell) has been described as an essential organizational-learning discipline. Unfortunately, some books have presumed that mental-modeling agility can be developed primarily through learning programs. While helpful, learning programs are limited by the group's ability to comprehend and utilize the concepts. Practitioners who attempt to teach scenario planning to groups that lack the prerequisite thinking skills are unlikely to replicate Shell's success.

A large part of Royal Dutch/Shell's success with mental modeling is a result of the mental skills its managers have for analyzing systemic complexity, seeing possibilities, and making wise decisions. As previously mentioned, the company's human resource

systems recruited, developed, and positioned leaders with this inherent thinking capacity. Without this capacity, it is questionable whether they would have been able to appreciate and continue their experiments with mental modeling to the extent that they did.

CONCLUSION

Learning has become necessary for organizational survival. Organizations that successfully improve their capabilities in developing, sharing, and applying their competencies increase their capacity for accomplishing desired results and creating a better future for themselves and their people.

To reap the full potential of organizational learning, we should reassess our preoccupation with “the learning organization.” It is time we moved to a deeper understanding of organizational learning that is appropriate to its environment. We must remain open to continual evolutions in the fields of learning and organizational effectiveness. Today’s organizational-learning models will eventually be subsumed into an organizational-intelligence model and, ultimately, into the umbrella of organizational effectiveness.

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■ AN INTRODUCTION TO ORGANIZATION DEVELOPMENT

John J. Sherwood

Organization development is an educational process by which human resources are continuously identified, allocated, and expanded in ways that make these resources more available to the organization, and therefore, improve the organization's problem-solving capabilities.

The most general objective of organizational development (OD) is to develop self-renewing, self-correcting systems of people who learn to organize themselves in a variety of ways according to the nature of their tasks, and who continue to expand the choices available to the organization as it copes with the changing demands of a changing environment. OD stands for a new way of looking at the human side of organizational life.

What is OD?

- A long-range effort to introduce planned change based on a diagnosis that is shared by the members of an organization.
- An OD program involves an entire organization, or a coherent "system" or part thereof.
- Its goal is to increase organizational effectiveness and enhance organizational choice and self-renewal.
- The major strategy of OD is to intervene in the ongoing activities of the organization to facilitate learning and to make choices about alternative ways to proceed.

OBJECTIVES OF TYPICAL OD PROGRAMS

Although the specific objectives of an OD effort vary according to the diagnosis of organizational problems, a number of objectives typically emerge. These objectives reflect problems, which are common in organizations and which prevent the creative release of human potential within organizations:

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I appreciate the comments on an earlier version of this paper by Richard E. Byrd, Donald C. King, Philip J. Runkel, and William J. Underwood.

- To build trust among individuals and groups throughout the organization, and up-and-down the hierarchy.
- To create an open, problem-solving climate throughout the organization—where problems are confronted and differences are clarified, both within groups and between groups, in contrast to ignoring the problems or “smoothing things over.”
- To locate decision-making and problem-solving responsibilities as close to the information sources and the relevant resources as possible, rather than in a particular role or level of the hierarchy.
- To increase ownership of organizational goals and objectives throughout the membership of the organization.
- To move toward more collaboration between interdependent persons and interdependent groups within the organization. Where relationships are clearly competitive, e.g., limited resources, then it is important that competition be open and be managed so the organization might benefit from the advantages of open competition and avoid suffering from the destructive consequences of subversive rivalry.
- To increase awareness of group process and its consequences for performance—that is, to help people become aware of what is happening between and to group members while the group is working on the task, e.g., communication, influence, feelings, leadership styles and struggles, relationships between groups, how conflict is managed, etc.

The objectives of organizational development efforts are achieved through planned interventions based on research findings and theoretical hypotheses of the behavioral sciences. The organization is helped to examine its present ways of work, its norms and values, and to generate and evaluate alternative ways of working, relating, or rewarding members of the system.

SOME ASSUMPTIONS UNDERLYING THE CONCEPT OF OD

Using knowledge and techniques from the behavioral sciences, organization development attempts to integrate organizational goals with the needs for growth of individual members in order to design a more effective and fully functioning organization, in which the potential of members is more fully realized. Some of the basic assumptions underlying the concept of OD are as follows:

- The attitudes most members of organizations hold toward work and their resultant work habits are usually more *reactions* to their work environment and how they are treated by the organization, than they are intrinsic characteristics of an individual’s personality. Therefore, efforts to change attitudes toward work and toward the organization should be directed more toward changing how the person is treated than toward attempting to change the person.

- Work that is organized to meet people's needs as well as to achieve organizational requirements tends to produce the highest productivity and quality of production.
- Most members of organizations are not motivated primarily by an avoidance of work for which tight controls and threats of punishment are necessary—but rather, most individuals seek challenging work and desire responsibility for accomplishing organizational objectives to which they are committed.
- The basic building blocks of organizations are groups of people; therefore, the basic units of change are also groups, not simply individuals.
- The culture of most organizations tends to suppress the open expression of feelings that people have about each other and about where they and their organization are heading. The difficulty is that the suppression of feelings adversely affects problem solving, personal growth, and satisfaction with one's work. The expression of feelings is an important part of becoming committed to a decision or a task.
- Groups that learn to work in a constructively open way by providing feedback for members become more able to profit from their own experience and become more able to fully utilize their resources on the task. Furthermore, the growth of individual members is facilitated by relationships that are open, supportive, and trusting.
- There is an important difference between *agreement* and *commitment*. People are committed to and care about that which they help create. Where change is introduced, it will be most effectively implemented if the groups and individuals involved have a sense of ownership in the process. Commitment is most assuredly attained where there is active participation in the planning and conduct of the change. Agreement is simpler to achieve and results in a simpler outcome—people do what they are told, or something sufficient or similar.
- The basic value underlying all OD theory and practice is that of choice. Through the collection and feedback of relevant data—made available by trust, openness, and risk—more choice becomes available to the organization, and to the individual, and hence better decisions can be made.

ORGANIZATION DEVELOPMENT TECHNOLOGY

Basic to all OD efforts is an attempt to make the human resources of the organization optimally available. Outside consultants often share the responsibility for this process, but they also work toward increasing the organization's own capacity to understand and manage its own growth.

In contrast to management development which is oriented toward the individual manager, OD focuses on groups and changing relations between people. The system—be it a unit of the organization, or the entire organization—is the object of an OD effort.

A frequent strategy in OD programs is the use of an *action-research* model of intervention. There are three processes in an action-research approach, all of which involve extensive collaboration between a consultant and the organization: data gathering from individuals and groups; feedback to key client or client group in the organization; and joint action planning based on the feedback. Action-research is designed to make data available from the entire system and then to use that information to make plans about the future of that system.

Some OD interventions or building blocks of an OD program are the following:

- *Team building*: focus is on early identification and solution of the work group's problems, particularly interpersonal and organizational roadblocks that stand in the way of the team's collaborative, cooperative, creative, competent functioning.

A group's work procedures can be made more effective by using different decision-making procedures for different tasks and learning to treat leadership as a function to be performed by members of the group, not just as a role or as a characteristic of an individual's personality.

The interpersonal relationships within a team can be improved by working on communication skills and patterns; skills in openness and expression of what one thinks and feels; the degree of understanding and acceptance among team members; authority and hierarchical problems; trust and respect; and skills in conflict management.

- *Intergroup problem solving*: groups are brought together for the purpose of reducing unhealthy competitiveness between the groups or to resolve intergroup conflicts over such things as overlapping responsibilities or confused lines of authority, and to enhance interdependence when it appropriately exists.

Intergroup problems sometimes exist between different functional groups that must work together, e.g., sales and engineering; line and staff; labor and management; or separate organizations involved in a merger.

- *Confrontation meeting*: is a problem-solving mechanism. An action-research format is used. The entire management group of an organization is brought together, problems and attitudes are collected and shared, priorities are established, commitments to action are made through setting targets and assigning task forces.
- *Goal-setting and planning*: supervisor-subordinate pairs and teams throughout the organization engage in systematic performance improvement and target-setting with mutual commitment and review. Goal setting becomes a way of life for the organization.

- *Third-party facilitation*: involves the use of a skilled third person to help in the diagnosis, understanding, and resolution of difficult human problems—e.g., difficult one-to-one relationships between two people or two groups.
- *Consulting pairs*: often a manager can benefit from a close and continuing relationship with someone outside his or her own organization (a consultant, either internal or external to the organization), with whom he or she can share problems early.

In an effective OD effort each member of the organization begins to see himself or herself as a resource to others and becomes willing to provide help to others when asked to do so. Such attitudes become norms or shared expectations. Once such a norm is established, members of the organization become potential consultants for one another, and the dependence of the organization on outside resources becomes less and less.

A major characteristic of organization development is that it relies heavily on an educational strategy emphasizing *experience-based learning* and on the skills such a procedure develops. Thus, the data feedback of the action-research model and the confrontation meeting are examples of how the experiences people have with each other and with the organization are shared and become the basis upon which learning occurs and upon which planning and action proceed. To be sure, OD is not simply human relations training (nor is it sensitivity training) however, openness about one's own experiences—including feelings, reactions, and perceptions—represents a cornerstone of many organizational development efforts. Furthermore, laboratory training experiences are often used to help members of the organization develop more interpersonal competence, including communication skills, ability to better manage conflict, and insights into oneself and into groups and how they form and function. Laboratory training programs are, therefore, a good preliminary step to an organization development effort.

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■ A CURRENT ASSESSMENT OF OD: WHAT IT IS AND WHY IT OFTEN FAILS

J. William Pfeiffer and John E. Jones

Recently, there has been a great deal of discussion about whether organization development (OD), as a field, is headed toward its own dissolution. A growing number of practitioners are beginning to believe that OD may not crystallize as a profession.

BACKGROUND

Certain conditions have contributed to this development. In economically difficult times, a highly visible target such as an organization development program can easily be cut. There has been a tendency to institutionalize OD rather than to absorb its technology into the culture of organizations, resulting in the establishment of OD programs and departments that are independent of other parts of the organizational structure. By becoming independent, OD programs often make themselves competitive with other programs within the organization.

Also, many consultants have attempted to “sell” OD through routines, packages, solutions, and faddish approaches to the management of change. Although there has been an attempt by both internal and external consultants to legitimize and professionalize the practice of OD, it seems more a strategy for survival than an effort to provide a meaningful, flexible service to a variety of organizations. It is axiomatic that practice in the field of OD has far outstripped the building of theory. Research lags even further behind because of the difficulty in designing controlled studies in complex systems.

Most OD efforts have been aimed at symptoms rather than at large, systemic problems. Human-relations-oriented consultants frequently focus on correlative rather than mediative conditions. That is, a lab may be conducted to work on a trust problem rather than a team session being conducted to solve a production problem.

Definition of OD

Organization development is a term that we find ourselves using less and less because it is becoming relatively meaningless. There is a clear parallel with the now-nearly-

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forgotten term “sensitivity training,” which came to mean too many things and thus ended up meaning nothing.

One of the difficulties with OD is that it has been a popular movement; many people doing traditional training for job enrichment, supervisory-skills training, etc., have found it fashionable to call themselves “organization development” specialists. Yet there is very little agreement as to what the term means.

The chart below indicates what “OD” means to us. What OD *is* may perhaps be most clearly delineated by what OD *is not*. This may be a roundabout way to a definition, but in fact it can also be an effective approach.

Activity	education	training	OD
Focus	the person	the job	the organization

This chart demonstrates the different emphases of education (person focused), training (job focused), and OD (organization focused). That is, the client in OD is *not* the individual, but rather the organization itself. The organization’s effectiveness, its capacity to solve problems, its capacity to adapt, its capacity to do an effective job in creating a high quality of life for its employees—these are the central points on which OD focuses.

WHY OD FAILS

The major reason that OD fails may, in fact, be largely one of semantics. In failing adequately to define what OD is, practitioners have failed to define its goals, and in failing to define those goals they have made it virtually impossible to succeed.

Unrealistic Expectations

There are many unrealistic expectations connected with OD. It is frequently seen as a panacea, a cure-all, the new approach to organizational life that will finally rectify all the problems in the organization. This aim is clearly impossible. Such expectations stem from the belief that OD is a *product*, when in fact it is a *process*. OD can never be completed in any particular organization; it is an ongoing process, a way of looking at what is happening, and a way of recycling energy into the creation of a more viable organization.

Inadequate Support

Another reason why OD fails is inadequate or transient top-level support. OD projects are frequently initiated by one senior administrator. If that individual’s interest wanes, or he or she moves on, or the pressures on the organization—financial realities or economic trends—influence him or her to withdraw his or her support, or he or she leaves the organization, the initiative that created the OD program is gone. Thus the

people involved with the project may, in fact, find themselves without license to continue.

OD Unreadiness

Organization development often fails because of premature introduction. There is a concept in education called “reading readiness”—that is, children must be cognitively and physically ready to read before they can be taught to read by *any* method. Once the student has reading readiness and is motivated to read, it has been found that most techniques are equally effective. There is an analogous situation regarding organizations. Once an organization has what we call “OD readiness,” almost any technique will be successful; inversely, when the organization has not reached that level, no techniques, no approaches, no theoretical models are viable. When members of an organization are lacking in communication skills, collaborative problem solving is highly unlikely. When persons who are deficient interpersonally are convened for problem identification, the processes that ensue often result in a worsening of the situation.

Failure to Follow Through

A remark that consultants often hear from managers is “We’ve tried OD before, and it won’t work here.” If a consultant has come into an organization and used such techniques as survey-feedback, sociotechnical systems, management by objectives, transactional analysis, or job enrichment, and has failed to follow through adequately, the organization is unlikely to be favorable toward another OD effort.

Ineffective Use of Consultants

Failure in OD often results from the ineffective use of both internal and external consultants. An effective OD program is a combination of an internal person who understands subtleties, nuances, and organizational pressures, and an external consultant who has the objectivity and the capacity to confront situations as he or she sees them. It is the linking of these two views, the internal and the external, that leads to effective interventions. OD projects conceived and initiated without adequate external advice and internal support are doomed to failure.

Management Resistance

Another extremely important factor in the failure of OD is frequently overlooked—the resistance of first-line supervisors. One of the major assumptions of OD is that individuals can become more self-directing; this theoretically reduces (or eliminates) the need for first-line supervision. When supervisors recognize that their jobs are in jeopardy, however, they predictably respond in a number of subtle and unsubtle ways to make sure that the OD effort does not succeed. Effective OD ultimately involves major restructuring of supervision.

Size of Organization

One difficulty with OD has to do with the organization's size. Our bias is that organizations of more than one thousand employees (and perhaps those with more than three to four hundred employees) are impervious to OD technology as it is known today. The theoretical models are neither practical nor effective when they are implemented in large systems. Two examples of OD technology scaled for large organizations—survey-feedback and sociotechnical systems—are examples of theory-based interventions that are cumbersome and extremely costly to implement.

The effects of unsuccessful attempts to introduce OD in large organizations are confusion, waste, and uncertainty. In many ways, the theoretical models available are inadequate to deal with larger organizations. This issue needs attention; new models must be postulated and tested.

Unwillingness to Model Behavior

OD is very frequently conceived of as something the other department needs. A president may decide that “something needs to be done” with the marketing group or a vice president wants some changes within the manufacturing group. A general tendency is for the initiator of the project to exclude himself or herself and his or her department, making it clear that he or she does not understand OD. This irony is most clearly present when training departments or OD departments (depending on the size of the system) are very interested in developing other components within their organization but are reluctant to manage their own change. They are usually unwilling to have “outsiders” “tinker” with their system. By not modeling appropriate behavior, OD staffs can make it very difficult for other managers to see that OD programs are meaningful.

Inadequate Skills

OD consultants very frequently are deficient in essential skills. It is our contention that anyone who is going to be a successful OD practitioner must be competent to facilitate a personal growth group. The same skills that are required in promoting interpersonal development are absolute prerequisites for an effective OD consultant.

OD consultants typically deny their own power. People helpers in general seem fearful of power, and OD consultants are no exception, viewing power in a distinctly different way than do managers. This difference frequently makes it very difficult to deal with the issue of power within the client system: when power situations arise, consultants often discount their own potency. Consultants often fail to recognize that they are in a power position because of their role and expertise. They “de-skill” themselves when they deny their power.

OD consultants often fail to learn from other helping professions. For example, it has long been clear that counselor/therapists cannot isolate their own values in dealing with their clients. Nuances, subtleties, inflections, nonverbal cues, are, in fact, reinforcements of a helper's values. Exactly the same thing is true of OD consultants.

Most possess humanistic values and are concerned about the quality of life in organizations, but they often pretend that they are free of values with regard to client organizations. Yet the consultant must be in touch with his or her values and communicate them clearly to systems. Advocacy consultation recognizes this need: know where you stand, be willing to say so, and do not try to hide your values; they are obvious to others.

Much has been made of the concept of process consultation. It has most notably extended OD theory and practice by prescribing an objective role for the consultant. We believe, however, that genuine process consultation is rarely practiced. Advocacy is a part of the individual, and, like any other facet, it can be seen in the process consultant's comments. It is subtly—and sometimes not so subtly—imbedded in such things as what he or she actually observes, what he or she chooses to comment on, and the interventions he or she makes. Everything a consultant does implies a valuing process. Skills in successfully advocating humanistic values are generally underdeveloped in OD.

IMMUNITY TO OD

Some organizations seem to be immune to OD. This immunity is most evident in eleemosynary organizations, in which individuals' goals, when fully developed, are often in conflict with the organization's goals. This condition is encountered in churches, schools, service clubs, and other volunteer, nonprofit organizations.

An example can be seen in the university system. The professor's allegiance typically is to his or her discipline rather than to the institution. Students are frequently only tolerated instead of being seen as the focus of the institution. If an OD consultant were to work with professors to develop their ideal job, it would probably be one in which they would write, consult, travel, study, and not have to deal with either students or the administrative structure that is required to keep the organization going. The conflict between the full development of the individual professor and the prescribed and intended educational purpose of the university makes it difficult, if not impossible, for OD to be implemented successfully.

Another example involves the "Gray Ladies," who volunteer as social companions to hospitalized people. One OD project in a hospital involved an effort to improve the efficiency of the Gray Ladies. The result was that the women "discovered" that their major motivation for being there was not an altruistic desire to help the sick and needy, but their own loneliness and need to be involved. Not too astonishingly, they came to see their activity as an inefficient way to meet their needs, and many of them dropped out of the organization.

These examples illustrate that there are some organizations for which OD technology, as it is currently known, is not inclusive, potent, or definitive enough to augur for success in OD.

EVALUATION

Managers often ask—and we think it is a good question— “Why OD? Does it pay off on the ‘bottom line’?” The difficulty is that we do not know. No OD project that we know of can be claimed to be a success on the bottom line. It is impossible to attribute organizational achievement to OD because of the time lag involved between the “treatment” and the “result.” In addition, in long-term OD projects there are intervening economic variables that have more impact than OD techniques themselves. Recent examples include the Vietnam War and its impact on the economy, recessionary trends, the growing awareness of ecology, and the dramatic rise in oil prices, all of which, with their gross impact on bottom-line figures, tend to overwhelm any of the subtleties or pay-offs that might be attributable to OD.

As a result, the evaluation of OD is largely intuitional and impressionistic, and there are few managers who are willing to accept this type of evaluation for long. It is, therefore, impossible to “prove” that what OD consultants are doing is effective.

WHAT WE HAVE LEARNED

A number of generalizations can be abstracted from the relatively brief history of OD. Developing a technology of intervening in organizations has led us to the following insights, conclusions, assumptions, cautions, and beliefs.

OD is hard work. Organizations typically take a long time to accumulate the norms, systems, and informal patterns that characterize them. Quick, flashy interventions are not going to induce major, permanent changes.

Organizations inevitably develop; that is, change occurs regardless of the assistance of interventionists. Of course, OD often involves planned change, but it is important to recognize that change will occur in any case.

An OD program can become controversial within the organization. It can be seen as part of the problem facing the organization and thought of as a driving force for change. Personnel in the OD department can find themselves in competition for resources with other departments.

OD technology is the proper province of managers. The individuals who are now called OD practitioners might better consider themselves to be essentially educators, preparing managers to utilize OD technology along with other technologies.

What matters is goal attainment. It does not matter who does what, so much as it matters whether the organization’s goals are being attained, at what expense, and consistent with what system of values.

An OD profession may be neither needed nor desirable at this time. Certification of internal and external OD specialists is premature. The impetus for controlling the practice of OD is coming from the practitioners rather than the clients.

Values cannot be imposed. When an attempt is made to get people involved in “humanistic” decision making within organizations, what is created is often only a facade of humanism.

OD cannot be sold. Efforts to convince managers and executives to initiate OD programs invariably fail. At best such efforts may make organizations more receptive to future proposals.

Managers will buy almost anything that offers a way out by promising an alleviation of production and human problems. Managers who have not been trained in behavioral science are particularly susceptible to faddish packages that offer high promise of symptom relief.

Applications of behavioral science to organization problems have not been dramatically successful. Behavioral science has been portrayed as a solution to many recurring managerial headaches, but the rapidly changing social and economic environment has made managing more difficult. Theory and research in management science, for example, have not kept up with the rising complexity of the management task. It can be argued that no major behavioral science theory has emerged during the short history of OD.

Premature definition of an emergent activity may affect its development in a deleterious way. If boundaries are put around the field of OD at this time, the development of its technology may be “frozen.” Some ambiguous concepts have a heuristic value for a time. Such slogans as “black is beautiful” and “the great society” were useful for fostering inquiry and discussion and lifting our sights, even though they remained ambiguous. As soon as they were defined operationally, they lost their force. There is an analog in medical practice: “Use the new drug quickly before it fails.”

Consultants may violate their own values. It is easy for consultants to adopt management practices different from the ones they are advocating and systematically to violate the very values they hope to inculcate within their client systems.

The outsider’s perspective may have been overvalued. The external consultant may honestly believe that he or she has a unique perspective, owing to his or her grounding in theory and research, but the external consultant may neglect to gather the information needed in order to be sensitive to the culture of the organization. It is easy for the external consultant to take “cheap shots” at the organization’s norms and processes and equally easy for him or her to be seen as a management spy, pawn, or dupe.

OD can become elitist. Sometimes OD consultants fail to recognize that their major job is to work themselves out of a job by educating managers in the processes of more effective problem solving.

OD practitioners are prone to jargon. To gloss over a lack of knowledge about the complexity of human systems, many “OD consultants” use “special” language. This severely inhibits communication with clients.

Maintenance is less attractive than new projects. Many OD practitioners are more interested in working with new departments, teams, and problems than they are in the follow-through work needed to maintain the parts of the system with which they have consulted previously.

OD can be boring. Essentially, OD progresses through countless meetings, many of which are focused on problems and processes that have an all-too-familiar ring to them. OD consultants can become insensitive to such issues because of their repetitive quality. Most organizations have chronic, recurrent problems that have no easy solutions. It often takes many meetings and many interactions before effective solutions are generated.

SUGGESTIONS FOR FACILITATORS

The development of the OD “field” to date has a number of implications for group facilitators who are working or want to work with people in organizations. For facilitators to have a long-term, lasting effect on individuals, they must ultimately work within organizations. The implication is to learn how to apply human relations technology to the people problems that recur in organizations. Some suggestions:

1. Negotiate short-term contracts, being careful about promises. In the process of contracting, be explicit about your values.
2. Have a theory that you are able to articulate to clients, and use it as the basis for your work.
3. Develop a varied and eclectic repertoire.
4. Since the most meaningful OD activity is skill building on the part of managers, be prepared to “leave behind” some skills, knowledge, perspectives, and systemic thinking for the people who are charged with identifying and solving problems on a daily basis. Avoid fostering client dependency.
5. Keep a low profile. The objective of any OD consultant is to work himself or herself out of a job. That is, the desirable end is that the organization have within it the resources to carry out its own development without your assistance.
6. Keep your own house in order. It is imperative that OD consultants model a high level of responsibility in both their private and their professional lives. This means that the group facilitator needs, from time to time, to take systematic inventory of his or her use of his or her own resources, his or her own self-actualization, and his or her own career development.
7. Avoid developing OD *programs*; stress *services* to managers on problem identification, problem solving, and planning.
8. Concentrate on building a base for successful OD through training and consultation. It is usually a mistake to bring people together to work on organizational situations if they do not have minimal skills in self-expression, a

feeling of group membership, and enough trust so that problems can be confronted straightforwardly. Training is not only a good way of developing a climate for OD, it also equips organization members with the skills and readiness necessary for the application of OD technology.

9. Be careful what you build. Think systemically, and do not work in an isolated way on what appear to be independent segments of the organization but are, in fact, interdependent parts of a larger system.
10. Work with the priorities that are determined by management. Managers should determine what problems need to be considered within developmental programs, and the entire system rather than some “program” should be accountable for the results.
11. Work to develop a long-term mentality in managers. Consultants should aim at generating within management a larger perspective on change so that particular situations take on their proper significance.

CAVEAT EMPTOR

From this analysis of the current state of the “field” of OD, certain cautions can be pointed out for consumers of consultative services.

1. In OD programs for planned change, things usually get worse before they get better. Often the effort to “pull things apart” in order to study the processes of an organization results in a heightened awareness of its vulnerabilities. People tend to become aware of how decisions are made, how resources are utilized, and so on, and this increased openness can lead to a temporary decline in productivity.
2. Do not hire unknown consultants. It is important to recognize that OD consultation is a highly complex process, and group facilitators who are unprepared to provide services beyond the small-group level may not be qualified to work with managers on systemic analysis and planning.
3. Engage only in short-term contracting. The initial contract with a consultant may be viewed as a “getting acquainted” period, in which both sides test each other before engaging in longer-term arrangements.
4. Do not expect demonstrable results. The unique effects of OD interventions are not visible on the bottom line, and you will have to content yourself with impressionistic evaluations.
5. Run the program yourself. Organizations are managed by executives, not by consultants. It is important that the locus of control in planned-change efforts remain with those people who are ultimately accountable for outcomes.
6. Do not become dependent on consultants. The consultant should equip you with skills in decision making, but the decisions must be yours.

7. Expect major changes to be slow. Organizations take a long time to get the way they are, and large-scale change efforts that are implemented too rapidly can result in heightened uncertainty and anxiety.
8. Establish some stability while change is being planned. Do not change with each new wind. Organization-assessment efforts should focus not only on identifying problems but also on the aspects of the organization that are supportive and productive. A common fault in organization diagnosis is to fail to look for organization processes and characteristics that need to be reinforced and sustained.
9. Expect to have a lot of meetings. OD progresses primarily through a series of meetings that involve many people, much time, and a significant expenditure of organization resources.

SUMMARY STATEMENT

OD is nothing but a holistic application of behavioral science. It should be characterized by both creativity and practicality. The stress should be on skills, strategies, and systemic thinking. It follows, then, that if OD fails to survive as an identifiable field and yet the objective of creating greater interpersonal competence within organizations is met, there will be no loss. It seems likely that OD will survive as integrated activities conducted by a variety of professional people rather than by clearly identified “OD practitioners.” In the long run, it is immaterial whether there is a distinct professional field called organization development.

■ ETHICAL CONSIDERATIONS IN CONSULTING

J. William Pfeiffer and John E. Jones

As the field of human relations training grows and the number of human relations consultants and group facilitators increases, it becomes more important than ever to face the question of ethical behavior. It is necessary to consider with care what is ethical, what is not ethical, and what may be ethical but irresponsible, imprudent, unprofessional, or incompetent.

In this paper we discuss nineteen issues that pertain to human relations consulting. Some of these issues are clearly questions of ethics; other topics do not fit into the ethical-unethical category but rather concern themselves with the responsibilities of prudent, competent professional consultants. We have divided these nineteen issues into four areas of consideration, relating to (1) self and colleagues, (2) individual clients, (3) training groups, and (4) organizations.

SELF AND COLLEAGUES

Presentation of Professional Qualifications

A major ethical issue relating to the individual consultant is the presentation of the consultant's professional qualifications. If a consultant is inaccurately represented by someone else as having extensive experience in a particular area, it is categorically incumbent on that consultant to correct the misrepresentation. The consultant has an ethical responsibility to clear up all actual or implied inaccuracies of qualifications, experience, and/or education.

For example, if someone introduces you as a person who knows a great deal about organization development in government (*nobody* knows a lot about OD in government), you might say, "That sounded good, and I wish I could say that about myself, but it isn't literally true. I have done some work with government trainers, and I have done some work with government departments, but most of my work has been in educational settings."

It is, of course, possible for facilitators to dwell too much on their limitations. If you give excessive emphasis to your inadequacies, you may severely erode your clients' confidence. It is important to balance the representation of your professional competence in a way that gives equal weight to both your strengths and your limitations.

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It is essential to recognize that if you allow *implicit* misrepresentations to stand, you are promoting and encouraging an inaccurate perception of your competencies. A prudent test is to imagine that your most severe critic is present when you are presenting your qualifications to a client or prospective client. Ask yourself if your imaginary critic would take issue with the manner in which you have represented yourself. If you can pass this “test,” it is highly likely that you have made an ethical representation of your credentials.

Fees

There are several potential issues concerning consulting fees. It seems to be a fairly common practice for consultants to vary the amount they charge according to their clients’ ability to pay. It is clear that, in general, business and industrial clients are used to paying substantially higher consulting fees than either education or government agencies. A free market exists in consulting, and fees seem to reflect a balance between the value that clients place on services and the value that consultants place on their time and contribution. If consultants set their fees too high, they will price themselves out of the market.

Fee setting is a matter of prudence—demand what you are worth and deliver what the client pays for. It is unethical to pad your expenses or to charge the client for either time or materials not delivered. It is your responsibility to see that your agreement with the client is *explicit* in terms of professional fees and agreed-upon expenses.

It is unprofessional to undercut your competition’s fees in order to secure a consultation. However, while it is generally a poor professional practice to allow a client to negotiate a reduction in your fee, there may be times when you should weigh the long-term payoffs of a consultation against the immediate budgetary limitations of the prospective client.

The Consultant’s Health

Particularly important as it relates to the individual consultant is the issue of health. Consultants are responsible for monitoring their own physical and mental health. If, for any reason, you are emotionally exhausted, your consulting work is going to be affected. There may be times when you have to decline, postpone, or cancel a consultation. You need to recognize that if you are physically ill or emotionally chaotic, you cannot adequately attend to your responsibilities to your clients. If you cannot pay attention to people, you cannot be empathic, and you cannot teach. You may need to take a vacation for a while and regroup.

Because consultants work with other people, it is a major imperative that they keep themselves healthy. Working with people is taxing if you do not maintain yourself; dealing with emotions all day long, every day, can take its toll. Human relations consulting makes special demands on its practitioners. To help others effectively, you must be in good emotional and physical shape. If you are below par, you cannot give the

client your best. We believe that you are responsible for delivering the best consultative services of which you are capable.

Meeting Your Own Needs

Not only must consultants be concerned about their own health; they must also be aware of their own needs and whether those needs will be imposed on their clients. Consultants usually get their needs met; it is simply a matter of who is going to “pay.” If, for example, you have a big need for power, you are apt to meet that need through your clients, possibly at their expense. If you are first concerned with your own needs, your groups are going to suffer.

Most consultants can recall examples of other consultants forcing their needs on people. If you are very unhappy in your job and/or your marriage, it is very likely that in your groups you will manipulate the members into giving you emotional support. They will be forced to soothe and console you. If you find yourself in such a situation, perhaps you should stop leading groups until you get yourself together. If you do not, you will be jeopardizing the development of your groups. One person should not be allowed to manipulate an entire group to that person’s sole benefit—and of course this applies to you, the consultant, as well as to any other individual.

Promises

Consultants are faced with a dilemma: selling their skills but not doing it blatantly. Selling professional services takes a special approach. Business-oriented people who work for consultants may not see that selling skills is different from selling shoes and that it operates according to a different set of rules. Brochures, flyers, advertising copy—all have to fit the professional image the consultant wants to project.

Regardless of the kind of consultation to be performed, consultants cannot ethically promise that they will be able to bring about certain types of outcomes. Nothing can be guaranteed in working with people. You cannot promise people what will happen as a result of your efforts. You cannot imply that people are going to be different when you leave or that you will “set them free.” People may be unable or unwilling, and you cannot force them to achieve any specific outcomes or learning. You can simply state that they may learn some things they will be able to use.

What consultants can promise to do, in effect, is to be interventionists, to work hard, and to be sensitive and resourceful in any given situation. That is the basis on which a defensible contract can be built.

Public Criticism of Other Consultants

Consultants must be concerned with ethical issues regarding themselves and the way they present themselves, charge for their services, perform their work, meet their own needs, and offer promises. But ethical issues relate also to consultants’ behavior toward their colleagues.

If you talk with anyone about other consultants, you should either comment in a positive vein or not comment at all. You should not, either subtly or directly, put down any other consultant or consulting organization. It is unethical for a professional to criticize another professional either to another colleague or to the general public.

You may not like what you hear about another consultant or what the consultant does, but you are not obligated to pass judgment; you can simply decline the opportunity to comment. Be sure, however, that you do not, at the same time, give contradictory nonverbal signals. The best test you can apply in this situation is to imagine that the individual concerned is present. If what you say could be said in front of that person, your comments probably pass the test of being ethical.

Confronting

If you do have serious reservations about the competence or behavior of another consultant, you are ethically responsible for confronting that individual. You should let that person know exactly what behavior you believe is unethical. You might say, “In my judgment you’re behaving unethically, and I will not lend implicit support to what you are doing.” If the person’s behavior is not modified, you must register your concern with an appropriate professional organization. That may be an uncomfortable decision. But consultants cannot afford to have their effectiveness undermined by someone else’s incompetence or unethical behavior. It is a difficult problem. The strong tendency is to *collude*, not to confront—just to ignore it. But failing to confront when a confrontation is called for can be irresponsible. “Not to decide is to decide.”

One slogan a consultant can use is “When in doubt, confront.” As professionals we must attempt to regulate ourselves, just as bar and medical associations do.

INDIVIDUAL CLIENTS

Ethical issues also exist in relationship to individual clients. Consultants have an obligation to behave in a responsible and professional manner with those who are relying on their expertise.

Evaluating Participants

Doing training for the purpose of evaluating people—the “assessment center” method—can be ethical if everyone understands the rules. But if, on the other hand, a consultant conducts communications training and later is asked how a particular person performed, the only position that is ethically defensible is for the consultant to tell the inquirer to talk directly to the individual concerned. If evaluation is not the purpose of the training, it should not be the result. The consultant may have a great deal of information about individuals and may even have counseled them privately. It would be unethical to reveal such information without a clear previous understanding between the consultant and the participants.

It goes without saying that ethically you must not give specific data about any participant or client to that person's supervisor; be sure that the participants understand that you will not do this. As for giving information to people outside the group, you may generalize or report anonymous data, but you may not be specific or give particular, identifiable details.

Confidentiality

Violating confidentiality is an obvious ethical breach. If someone asks you to keep information private, and you agree to do so but do not, you are being unethical. Very often you, as a consultant, can find yourself caught in a trap. Someone has confided in you, but you cannot use that information, although its disclosure would clearly affect the situation. You have to be very careful about letting yourself be the recipient of a great deal of confidential data. It can tie your hands and stifle your effectiveness. If someone wants to give you confidential data, you can say that you do not accept confidential information—and explain why. You can tell the person that, instead, you are willing to keep the data anonymous. Our experience is that people will still give you the same data—although obtaining it should not be your hidden intent. Refusing to accept information if it is labeled “confidential” makes it much easier for you to deal authentically with a situation.

Sexuality

Consultants and group facilitators, like teachers, therapists, and counselors, have potent roles. That is, participants in human relations training respond to the facilitator differently from the way they would respond to the same individual in a peer relationship. If you, as a consultant/facilitator, use your role to establish a sexual relationship with a participant, you have clearly violated the standards of ethical behavior.

This issue is somewhat complicated; if you are involved with a participant, you are not in a good position to differentiate objectively between your personal attractiveness and your role potency. One test to apply is this: if, as a facilitator, you start a training event with identifiable sexual needs, you will *probably* meet your needs at the expense of someone else.

Logically, a consultant's colleagues should be good sources of balanced judgment on this question, but collusion is common—especially among colleagues who are open to (or seeking) sexual relationships with participants.

The reality is this: if you are heavily involved personally with a participant (either sexually or emotionally), you are (1) less able to attend to your professional commitments and (2) less available to be responsive to other participants. Most participants sense it if a special relationship between the facilitator and a participant exists. Such a situation often generates counterproductive energy that is experienced as jealousy and resentment.

A practical solution is to establish a clear ground rule: observe a cooling-off period of three to six months to allow the relationship to evolve and your role potency to fade before you become involved in a sexual relationship with a participant.

Perhaps it is worth mentioning briefly that engaging in sexual relations with *colleagues* while co-consulting is, at a minimum, likely to be distracting to the work at hand. Your major commitment has to be to your contract with the client, and anything that jeopardizes your effectiveness should be avoided.

TRAINING GROUPS

In addition to their personal behavior and their behavior toward colleagues and other individuals, consultants must also be concerned with their professional responsibility toward their training groups.

Deception

Sometimes workshop activities and other training techniques involve deception— withholding information from trainees for strategic teaching purposes. If consultants do purposely deceive training participants, they must be careful to undo the effects. Some structured experiences, for example, require that the facilitator not discuss the goals before the activity. They must, however, be made explicit later. A general training rule that we have found useful is “no surprises.”

Cooptation

If a consultant coerces people into doing something they really do not want to do, that consultant is involved in unethical cooptation. For example, in a workshop, part of whose purpose is to involve people in giving each other feedback, someone may not want to participate. You, the facilitator, might put pressure on that person by suggesting that the activity will be harmless. That is coopting the person. Groups, too, can become tyrannical; they can pressure someone to participate when that person does not really want to participate. You should protect the right of individuals not to take part in an activity if they do not want to—particularly if the activity involves their talking about themselves or receiving feedback and even more so if it requires their talking about their emotions, feelings, values, beliefs, and wants.

Inappropriate Techniques

A consultant should be aware that in some settings particular techniques, such as activities that involve physical touching, may be very inappropriate. For example, asking a group of first-line supervisors to explore each other’s faces would probably be altogether inappropriate and would undoubtedly create unnecessary anxiety. We believe that you have to be sensitive to the norms of the context in which the training takes place and not use methods that deviate markedly from participants’ behavior expectations.

Inattention to Application

It is irresponsible for a consultant to conduct training without paying attention to the application of that training. The integration of learning cannot be left to chance. In using experiential learning, the facilitator must be careful not to cut short its full cycle. Participants should be directed to answer the questions “So what?” “What am I going to do with this learning?” “What implication does this have for new behavior?” Part of your responsibility as a trainer is to help people come to grips with the ways in which they want to change toward more effectiveness.

Rehashing

If consultants do the same training over and over again, by rote, not learning anything new or improving their professional skills, that behavior may be cheating their clients. When you conduct a particular workshop many times, you have a professional obligation to keep it vital. You have to keep yourself generating new ideas, content, and methods. You should strive to experiment, to improve your style, to rethink your procedures—you should not “lecture from old notes.” Otherwise, you become stilted, and what you do becomes unimaginative and mechanical. You will not be bringing your best to the people who need what you have to offer.

ORGANIZATIONS

In dealing with organizations, the consultant has similar problems of ethical and responsible behavior, although the applications of the issues are different.

Accepting Organizational Goals

Consultants need to determine what the values of a client organization are, and if they cannot accept those values, either they have to get out or they have to try to change the organization’s values. If you are working for a unit whose leader has a philosophy that you cannot accept, then you must either confront that person’s values or not work with that unit. In helping a leader to achieve better, you, the consultant, are, in effect, accepting the client’s goals by helping to further them. A consultant’s techniques are very powerful; they can be used to manipulate people, or they can be used to free people. Techniques themselves are “value free”—it is the purposes for which they are used that determine whether they are ethical. It is you who must decide in which direction you will lend your expertise.

Guerrilla Warfare

If you decide that you cannot accept a particular organization’s goals, it is clear that you should not work for that organization; it is even clearer that you must not agree to work for it and then surreptitiously undermine it. If you engage in covert activities that are not correlated with the goals of the organization or that are antithetical to them, you are

engaging in unethical behavior. For example, a high school counselor may not like the school system she works in, and she meets with the officers of the student government to reinforce their fight against the system. That counselor is working against the system in a clandestine way, and that is unethical. Besides the fact that consultants who behave that way sooner or later will be discovered, they are not meeting their obligation to be direct in promoting change, and they are not modeling appropriate confrontative behavior.

Assessing Outcomes

After conducting their interventions, facilitators must follow through to identify the effects of what they did and to determine further needed work. That is a difficult task, especially in working with people. In dealing with an organization, consultants are aware of the complex political, environmental, and leadership pressures, inside and outside; they know that the effects of their work may not be immediate or obvious. But even though much of what they do in organization development cannot be specified with any scientific accuracy because of the subjectiveness of the data, they still have to try to determine, in whatever terms they choose, whether they made a difference. Although you will have to live with ambiguity in terms of outcomes, you must ask yourself such questions as these: Did a team-building session improve the work group's meetings? Does the group seem to be cooperating better? Are the training participants improving their supervisory skills on the job?

Hatchet Jobs

Doing someone else's dirty work is neither ethical nor prudent. If consultants do, they will soon gain unsavory reputations. Your image or reputation as a consultant is critical; if you carry out the unpalatable tasks of management, your image will be sullied and your effectiveness will be jeopardized. If, for example, you suspect that a manager's "real" motivation for requesting a team-building session is to provide a basis for firing someone, that suspicion needs to be confronted before you agree to do the work.

CONCLUSION

Although the consideration of ethics in human relations training is imprecise at present, we believe that the key to understanding the issues lies in a few pertinent words: *power*, *sensitivity*, *responsibility*, *motivation*, and *caring*.

You, as a trainer or a consultant, are in a position of power, simply by virtue of your role. You need to be sensitive to the fact that people will have different expectations of you than of anyone else in the consulting situation.

Because of these heightened expectations, you must be clearly aware of your responsibilities. Facilitators are responsible for monitoring the climate of the groups with which they work; for facilitating openness, so that people will feel free to explore and experiment; for providing sufficient structure so that learning can take place; and for

helping the groups to maintain themselves. You are responsible for *yourself* and the effectiveness of your own helping behavior; you are not directly responsible for the behavior or the learning of others.

Motivation and caring are critical final determinants of ethical behavior: you are less likely to be unethical if you are concerned with benefiting the client than if you are thinking of taking care of yourself at someone else's expense. Too great a desire for contracts, for example, puts your motivation in doubt; a good rule might be that if you cannot say no to a proposal, you should not say "yes." In the end, a decision based on your sincere concern for people is likely to be an ethical decision.

■ OD READINESS

J. William Pfeiffer and John E. Jones

An intriguing parallel exists between the concept of organization development (OD) “readiness” and the developmental trait of “reading readiness.” Once an individual child is ready to read, it is somewhat immaterial which teaching method is used. Conversely, when a child is not ready to learn to read, all strategies are relatively unsuccessful in teaching that child how to read. In an analogous way, once an organizational system has the necessary prerequisites, change is likely to take place regardless of which methodology is applied. Conversely, the most sophisticated techniques employed by the most competent and experienced consultants and managers are doomed to failure when the organization itself is unready to undertake a project of planned change.

ENTRY CONSIDERATIONS

There are four major OD entry strategies: working from the top down, intervening at “crunch” points, working with “bellwether” groups, and conducting training. Each of these approaches has both its disadvantages and its advantages; however, in the context of OD readiness, these considerations take on a significance different from that which is commonly attributed to them.

“Top-Down” Strategy

When possible, the best strategy is to begin OD efforts by conducting assessment, diagnosis, and team development activities with top management. The change agents can legitimize themselves, support for the OD effort can be garnered, and the top group can demonstrate that it is willing to subject itself to the process. It is important to recognize, however, that a top-down strategy can also create problems. Managers at lower levels often become resistant to change originated by the senior executive group. An additional, potential drawback of this strategy is that the change agents can be seen as “pawns” of the executive group.

Crisis Intervention

Intervening when the organization is experiencing some significant difficulty is often an attractive entry approach. Considerable energy can be focused on change efforts when system relief is felt to be needed within a part of the organization that is experiencing

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stress. This approach is a common “marketing” strategy on the part of both internal and external OD practitioners. The potential disadvantages of intervening in crisis situations include the tendency to foster a dependency on external help and the likelihood that OD will be seen as a short-term problem solution rather than long-range systemic planning for change. Return to “normal” organizational conditions can be seen as OD success, and the precipitating factors may not be confronted.

Dealing with Successful Groups

Often OD can proceed best when there is little or no stress in the organizational unit that is contemplating open-system planning. Change agents can be used to focus on problematic issues in successful parts of an organization. Here the problem-solving methods most common in OD, which are essentially cognitive in emphasis, can be utilized to good advantage. Because there is no excessive overload of emotion, people involved in the problem situation can approach its amelioration more calmly and rationally. The disadvantage of this entry strategy is that people in such situations are not likely to seek assistance. Sometimes managers in successful parts of the organization are reluctant to experiment with structure, communication, and participation. Since it often happens in OD efforts that things get worse before they get better, managers may resist opening up situations in which productivity is satisfactory.

Training

Management development as a pre-OD intervention is one of the best strategies. If there is any doubt that the organization is ready for large-scale problem solving, it is almost always advisable to do training first. It makes little or no sense to attempt to use OD methods on a reluctant client. It is often more advisable to concentrate efforts on training for individual managers, supervisors, and leaders, rather than on consulting services for management groups, departments, and divisions.

Training provides a foundation of skills, experience, and concepts on which OD programs can later be based. Training also legitimizes internal and external OD consultants. The consultant can find many opportunities in training to work with individual managers and supervisors on applications of their learning to the actual situations in which they find themselves.

READINESS INDICATORS

In a previous article entitled “A Current Assessment of OD: What It Is and Why It Often Fails” (Pfeiffer & Jones, 1976), we indicated some of the reasons why a particular OD intervention might be unsuccessful. These include (1) unrealistic expectations, (2) inadequate support, (3) failure to follow through, (4) ineffective use of consultants, (5) management resistance, (6) size of the organization, (7) unwillingness to model behavior, and (8) inadequate skills.

If the right questions could be asked in a brief interview or survey-feedback instrument, it would be possible to determine whether or not an organization had reached the stage of readiness to undertake an OD intervention. A number of variables seem to offer the most promise. Franklin (1976) contrasted organizations with successful and unsuccessful OD efforts along eight dimensions: (1) the organization's environment, (2) the organization itself, (3) initial contact for the OD project, (4) formal entry procedures and commitment, (5) data-gathering activities, (6) characteristics of the internal change agents, (7) characteristics of the external change agents, and (8) exit procedures. The results of the study indicated no single dimension that was essential or sufficient to distinguish between successful and unsuccessful OD interventions; however, three general areas did serve to differentiate the OD efforts:

1. *The stability of the organization.* Organizations that are more open to and involved in adjusting to change are more likely to be successful in OD efforts than those that are more stable or oriented toward the status quo.
2. *Interests and commitment to the OD effort.* More specific interests and greater commitment to the OD project, as well as strong support from top management, are associated with successful change.
3. *Characteristics of the internal change agents.* Internal change agents involved in successful interventions possess assessment-prescriptive skills and are more carefully selected and receive less change-agent training prior to the OD effort than internal change agents involved in unsuccessful OD interventions.

Stated more comprehensively, the traits identified by Franklin seem to indicate that organizations that are oriented toward and committed to planned change are more amenable to OD interventions from internal change agents who are not preconditioned toward ready-made answers. Since OD necessitates a large-scale involvement of people in identifying and solving problems in open ways, change-oriented systems are most likely to have the culture necessary for organizational experimentation and self-scrutiny. These conclusions are a helpful jumping-off point for exploring the indicators that reveal organizations ready to deal with the change implied in undertaking an OD program. The following fifteen indicators in three broad areas have been extrapolated from our experience and used as the basis of the OD Readiness Checklist that appears at the end of this discussion.

General Considerations

1. Size

The size of an organization is one of the key indicators of the potential success of OD (Pfeiffer & Jones, 1976). It is worth reiterating the point: much of the technology of OD simply does not apply to large organizations. A useful question about organizational size is the following: is the organization manageable, that is, is it within the span of control

of a single individual and within the realm of intervention by one or two internal change agents, with assistance by external specialists?

We contend that it is exceedingly difficult to use “traditional” OD techniques in a coordinated way to produce meaningful changes in organizations exceeding about five hundred people. Larger systems require different types of interventions and, in OD terms, can be dealt with only through subsystems. It may be that the only practical approach is OD within parts of the system. In fact, in large-scale organizations, subunit OD is, in our judgment, the most viable of the alternatives available to the consultant.

2. Growth Rate

At what rate is the organization growing? Those organizations that are declining in size, experiencing a slow rate of growth, or growing very rapidly are less likely to be ready for OD than those organizations that are growing at a moderately rapid rate.

Organizations that are growing very rapidly may have little or no energy available for OD interventions; relatively static organizations may be reluctant to tamper with the status quo; organizations that are declining in growth may want quick cures rather than long-term planned change.

3. Crisis

An organization in which there is visible evidence of crisis that is perceived by a variety of people at various levels is highly likely to be ready for OD. Organizations that are experiencing significant stress tend to be receptive to intervention; however, they are also likely to become dependent on consultants rather than to develop self-renewing planning. Crisis necessitates change, and OD potentially facilitates participative solutions that can result in shared commitment to action.

4. Macroeconomics

The economic situation in which the organization functions must, of course, be considered. The Vietnam war had a great deal of impact on a number of organizations, as did the more recent oil embargo. The consultant must judge whether the macroeconomic factors are such that success in the OD intervention can be foreseen and the intervention can, in fact, be afforded.

5. OD History

Does the organization have a history of OD interventions? Experience indicates that when the history of the organization is *too* laden with OD interventions, the latest one becomes simply the “project of the year,” and people tend to lose interest in the effort. Given an organizational history of several OD attempts, it is very difficult to make an intervention that will have an impact on the organization—particularly when OD efforts have been controversial, unsuccessful, or only partially successful in the past. In that case, the change agent may find himself or herself “guilty by association.” Low

expectations resulting from previous OD interventions frequently limit the effectiveness of new efforts.

6. Culture

Is the culture of the organization viable, permeable, and supportive of radical change? Very frequently, the other indicators of OD readiness are positive, but commitment to the status quo in the organization may be very strong. The culture of the organization may present such a formidable block that it is virtually impossible to discuss the changes necessary for carrying out a successful OD program. Bureaucratic, heavily unionized, and ritualistic organizations are likely to be closed, nontrusting systems that do not invest heavily in efficiency and effectiveness.

Resources

7. Time Commitment

Is the time commitment of the organization or the managers of the organization adequate to allow for the development of a meaningful OD intervention? Another way to look at this point is whether the organization is committed to all the meetings necessary in OD. Since OD programs progress primarily through myriad meetings, it is important for the organization to be aware of the depth of its commitment to the process. Organizations take a long time to become the way they are, and a reasonable expectation of the time it takes to initiate and stabilize planned change is at least three years of concentrated work.

8. Money

Is the organization able to afford the cost involved in an OD effort, both indirectly in time taken away from work and directly in fees for external and internal consultants? Is the management ready to invest sufficient money in the project?

9. Access to People

Within the initial concept of the OD intervention, is access freely allowed to all people in the organization? If limitations are imposed and individuals at particular levels of an organization cannot be reached, an organization is clearly signalling its lack of readiness. OD programs are doomed to failure if particular key executives put themselves above the process. Ironically, internal OD consultants often do not have access to high-level managers, clearly reducing the impact of the OD program.

10. Labor Contract Limitations

This variable considers the limits placed on the intervention by the members of management who are responsible for negotiating labor agreements. If the limits of worker participation are too restrictive, the OD effort is severely hampered simply by

the inability of the change agents to get a mandate broad enough to deal with the problems that are relatively certain to be identified.

11. Structural Flexibility

It sometimes becomes apparent during an OD project that structural changes need to be made. Does the organization have the capacity to reshuffle managers and departments and change reporting procedures, communication patterns, and reward systems?

People Variables

12. Interpersonal Skills

It is important to consider whether there are adequate interpersonal skills in the organization to deal with OD change. Very frequently, the other criteria for readiness will be apparent, but the necessary skills are absent. The methods of OD are essentially verbal, and they require communication skills. If the personnel in the organization are deficient in their ability to express themselves, to listen, and to respond creatively and productively to the ideas of others, then the discussions and meetings required in an OD program are likely to be ineffective.

13. Management Development

To what degree do managers understand and incorporate applications of behavioral science principles in their work? If managers are poorly educated and have underdeveloped interpersonal skills, OD meetings can be futile at best and at worst explosive. An ongoing management development program can provide a “floor” for organization problem solving and unfreeze individual managers for interpersonal feedback processes.

14. Flexibility at the Top

It is necessary that those people who are in positions of power in the organization be sufficiently flexible to open themselves to influence from below. Although it may not be necessary to *begin* the OD effort at the top, it clearly is critical that top executives be knowledgeable about and supportive of the program and willing to open up the system. One or two key executives who are personally and/or organizationally rigid can often preclude the success of an OD intervention.

15. Internal Change Agents

We believe that the best OD staffing consists of an interplay among managers, internal change agents, and external consultants. The major motivation of the outside consultants should be to autonomize managers so that they take responsibility for conducting the organization’s ongoing developmental efforts. Without people in the organization who

are familiar with experiential methods, consulting, change strategy, and training methods, the organization becomes dependent on external sources of help.

CONCLUSION

If it is determined that an organization does not have the requisite OD readiness, what strategy is open to the consultant? The most frequent answer is training as a readiness-inducing strategy within organizations. Some of the indicators previously discussed, such as size, rate of growth, and macroeconomics, are beyond the effect of training. Other important criterion variables, however, are amenable to a meaningful education program. It is possible that the conceptual skills and personal skills that are requisites of OD readiness can be taught in a variety of formal and informal organizational training programs.

If, however, the organization cannot be meaningfully affected by OD technology, the consultant should be willing to walk away. A consultant's continued history of failure in OD projects with organizations for which it is clear that OD interventions are unlikely to be successful makes it difficult for other consultants to work with clients. We consider such persistent opportunism to be unethical (Pfeiffer & Jones, 1977). The individual practitioner should examine the indicators for the given organization. If those indicators do not predict success, and if they cannot be dealt with in a training education model, the consultant should be direct and simply say that the culture is too strong to augur for the success of change, or that the sense of complacency in the organization is too high for commitment to change, or that the internal history of the organization is such that a new project will not be taken seriously. To undertake an OD effort in the face of predicted failure is unwise—both for the particular consultant and for other professionals in the field.

OD READINESS CHECKLIST

The brief instrument that follows summarizes the chief indicators of OD readiness, weighting each indicator according to its relative criticalness. The checklist may be used as the basis for a subjective assessment of an organization to determine the degree to which that organism is likely to support an OD effort. This assessment can be made by a group, ideally consisting of key managers, internal change agents, and external consultants. OD practitioners can also use the instrument to analyze their own history of failures, successes, and decisions not to initiate OD interventions.

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OD READINESS CHECKLIST

J. William Pfeiffer and John E. Jones

This instrument summarizes the chief indicators of OD readiness and weights each indicator according to its relative degree of criticalness. The following interpretations of scoring can be helpful to consultants: a score of less than 50 would suggest training, small-scale projects, and crisis interventions; 50 to 70 would indicate management development and pre-OD activities; 70 and higher would indicate that the consultant test the willingness of the organization to commit itself to planned change.

Instructions: Using the following checklist, indicate the degree to which each of the fifteen dimensions is a concern to you with regard to the organization's readiness for OD. Circle the number under the appropriate heading for each factor. Each dimension has been scaled according to its relative importance in predicting the organization's receptivity to OD interventions. Total the scores for an overall OD readiness index.

General Considerations	No Concern	Mild Concern	Moderate Concern	Significant Concern	Critical Concern
1. Size	4	3	2	1	0
2. Growth Rate	4	3	2	1	0
3. Crisis (potential positive or negative influence)	4	3	2	1	0
4. Macroeconomics	4	3	2	1	0
5. OD History	4	3	2	1	0
6. Culture	4	3	2	1	0
Resources					
7. Time Commitment	8	6	4	2	0
8. Money	8	6	4	2	0
9. Access to People	8	6	4	2	0
10. Labor Contract Limitations	8	6	4	2	0
11. Structural Flexibility	8	6	4	2	0
People Variables					
12. Interpersonal Skills	12	9	6	3	0
13. Management Development	12	9	6	3	0
14. Flexibility at the Top	12	9	6	3	0
15. Internal Change Agents	12	9	6	3	0
Total Readiness Score					

■ HOLISTIC HUMAN RESOURCE DEVELOPMENT: BEYOND TECHNIQUES AND PROCEDURES

Roger Kaufman

The intent of human resource development (HRD) is entirely practical: to develop people for life as well as for work. Some of those who specialize in HRD have a narrow focus and are concerned only with training techniques, whereas others have a broader scope and view interventions and job-performance results in the context of society and life. Despite the fact that recently both types of professionals have begun to emphasize the achievement of results, most contemporary development programs still center on techniques and procedures. For instance, most contemporary programs focus exclusively on internal elements, with major emphasis placed on inputs, processes, and products.

Human resource development training and consulting are not usually societally targeted; instead, practitioners focus on jobs, duties, and relationships between coworkers and assume that their interventions will result in attitudes that are organizationally as well as socially useful. The employees trained are not always heading in the organization's intended direction (Kaufman, 1976) because we as practitioners tend to train and develop employees on the basis of our own personal conceptions of the world rather than on the basis of the best possible understandings of today's world (Toffler, 1979).

Although organizations in general desire greater productivity and higher employee morale, efforts to achieve these objectives are inconsistent with the objectives themselves. Decision makers seem to have a love-hate relationship with HRD methods and goals, possibly because they do not see the basic value derived from them. Human resource development programs continue, but so do concerns about their usefulness: Is their utility high enough to warrant continued support? Do the organization and society receive benefits from such efforts?

The development and pursuit of other programs and techniques for organizational improvement, such as instructional-systems development and management by objectives, indicate dissatisfaction with the perceived results of HRD as well as with the way in which these results are accomplished. Similarly, current funding for such programs may be assumed to reflect the way in which HRD methods and usefulness are perceived. If these efforts are not receiving the hoped-for support, perhaps practitioners should reevaluate their purposes and change course as well as methods.

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If human resource development offers a view of people as living not only in a work environment but also in a world of human, social, and family relations, then consideration should be given not only to job improvement and numbers of satisfied workers, but also to the actual impact of HRD on trainees in society. Thus, HRD is holistic as well as comprehensive (Kaufman, 1981).

Essentially, this view of HRD stipulates that each individual who completes a program be self-sufficient, self-reliant, and, if possible, capable of contributing to society. This means that a successful program should develop people who not only can do their assigned tasks but can keep their jobs as well. Furthermore, in their private lives they should be reliant on their own abilities and talents rather than on handouts, charity, or the support of others. Thus, HRD extends beyond organizational life, providing those who complete successful programs a means to function appropriately in their own worlds.

SETTING THE STAGE FOR HOLISTIC DEVELOPMENT

As illustrated in Figure 1, one model of HRD (Kaufman, 1982; Kaufman & English, 1979; Kaufman & Thomas, 1980) relates *organizational efforts*, *organizational results*, and *societal effects*. This model proposes five separate elements to be considered when conducting HRD efforts: *inputs*, *processes*, *products*, and *outputs*, all of which are internal to the organization, and *outcomes*, which indicate societal effects and impact.

INTERNAL	
Organizational Efforts	<p><i>Inputs:</i> Raw materials, human and physical resources, existing needs, goals, objectives, money, trainers, learners, existing job vacancies, values, and so forth.</p> <p><i>Processes:</i> Educational courses, sensitivity training, therapy, Gestalt techniques, trust building, media usage, computer-assisted learning programs, competency-based training (or testing or management), curriculum development, and so forth.</p>
Organizational Results	<p><i>Products:</i> Interim results, completion of training courses, acquisition of skills validation of learning materials, successful achievement on tests, and so forth.</p> <p><i>Outputs:</i> Products delivered or deliverable to society, such as graduates, automobiles, people certified, individuals placed on jobs, and so forth.</p>
EXTERNAL	
Societal Effects and Impact	<p><i>Outcomes:</i> Effects in and for society indicated by self-sufficiency; self-reliance; contribution; having credit; and avoidance of welfare, unemployment, jail, addiction, and artificial dependence on another person or on society.</p>

Figure 1. Illustration of the Organizational-Elements Model of HRD

The holistic model suggested here is concerned not only with techniques and procedures but also with current and future external requirements, the specific subject matter of training, and the justification for that training. It is radical in that its intention

is to make HRD useful to those who participate in programs as well as to those who pay for such programs. Some professionals argue that the purpose of HRD does not extend to benefiting society directly, but that its sole intent is to make people more intelligent, knowledgeable, disciplined, or competent. However, if the results of an intervention are not useful to the recipient's organization or to society, then the organization or society should not be expected to support or pay for it.

REALITY VERSUS THE IDEAL: OPPORTUNITIES FOR CHANGE

The five elements of the model provide a basis for collecting data on the present state of affairs in a given organizational setting. Most work in HRD today seems to aim toward improving current resources, processes, and results. Setting goals and objectives and evaluating results only within the framework of what presently exists means that changes will be based only on current perceived reality. This approach merely builds on the status quo and provides little incentive to consider dramatic changes (Kaufman, 1982; Kaufman & English, 1979; Kaufman & Thomas, 1980). However, by adding the dimension of the ideal to planning or evaluation, one may consider major changes in both goals and roles. When HRD programs incorporate the ideal situation as well as the real situation, data can be gathered regarding the gap between these two dimensions for each of the five elements. The first step in the data-gathering procedure is to analyze all elements of the current situation in the following order: (1) inputs, (2) processes, (3) products, (4) outputs, and (5) outcomes. Analysis of the elements of the ideal situation should then proceed in the reverse order. The gaps revealed by completing these analyses become the basis for needs assessment, which is accomplished for each element as follows:

1. Requirements for change are established.
2. Requirements for continuing present success are determined.
3. Possible interventions are listed to provide alternatives for achieving required changes and for maintaining present success.
4. The list of interventions is analyzed, and an evaluation process is undertaken whereby the new reality for each element is compared with its previously established ideal.¹

In many HRD planning, design, and development activities, analysis of gaps between the real and the ideal does not take place. Frequently, the only gaps considered are between those objectives already met and desired objectives within the context of the existing situation. For example, if the management of a particular corporation determined that supervisory skills in a specific work group were below the level required to maintain present production and decided to develop a training intervention to raise the level of these skills accordingly, such a proposal would fail to incorporate a

¹ Based on Kaufman, Stakenas, Wager, & Mayer (1981).

vision of the ideal situation. In taking this approach, the management would be neglecting the generation of a data base for questioning the utility of the training objectives; thus, the opportunity to determine whether different objectives and training content might be more useful to the organization would be lost. Only the current assumptions of the purposes and procedures of the system would be considered. A more useful way to consider change would be to question whether the current system and all of its components are useful to the members of that system as well as to the society that not only supports the system but also receives its outputs.

The example just described is indicative of a primary focus on processes rather than on internal as well as external results. Unfortunately, this internal focus is prevalent in much of the world today, as is evident not only in training courses and in entire HRD programs but also in our social organizations. Although some groups of people, such as competency-based trainers, are concerned with results and with the coordinating inputs, processes, and products,² their approaches fail to incorporate the relationships among products, outputs, and outcomes. They do not view what they do and how they do it from a holistic perspective; instead, like most HRD professionals, they assume an “internal-only” view of organizational intervention.

Part of the problem is a tendency to consider all results as belonging to the same category rather than to differentiate products, outputs, and outcomes. Behaviors exhibited by HRD practitioners are *processes* that may or may not be useful in developing a given *product* utilizing prescribed *inputs*. A trainer who ignores societal impact (*outcomes*) and ventures no further than a specific level of training content or results has no clear way of relating the worth, merit, or utility of interventions to anything more than conventional wisdom, biases, and/or consensus. The mere fact that a course of training or a development workshop is popular or has been conducted numerous times is no assurance that it is useful in today’s or tomorrow’s organization or society. We as professionals do not currently challenge intervention contents or methods (*processes*) on the basis of their contributions to an individual’s self-sufficiency or self-reliance in the world both inside and outside the organization (*outcomes*). If we focus only on employee and work-group activities as products, we miss the important relationships existing among all workers, work groups, organizational results, and social utility. When we function according to this focus, we find ourselves forever in a position of arguing for or against a course, method, technique, or orientation without being able to relate such an organizational effort or result to outcomes; thus, we cannot determine the payoffs that exist for people when they leave formal training programs.

VALUES, INTERVENTIONS, AND UTILITY

A circumstance that further complicates the situation is the fact that when people are unfamiliar with a particular concept, they display resistance to it (Watson, 1981). New

² In this paper the terms “inputs,” “processes,” “products,” “outputs,” and “outcomes” are used as defined in Figure 1; the terms “product,” “output,” and “outcome” are not used interchangeably as they are in much of the HRD literature.

ideas and new ways of looking at things that are threatening to “the establishment” are ignored as being trivial (Beals, 1968). Apparently it is a more threatening prospect to contemplate changes in goals than to consider possible changes in processes, and both types of changes are more threatening than no change at all (Reusch, 1975). Because “the establishment” does not currently view the world holistically, its members frequently become upset when asked to consider a wider perspective and to include outputs and outcomes in planning, design, development, implementation, evaluation, and revision.

SOME PERSPECTIVES FROM OUTSIDE THE ORGANIZATION

Although many different HRD interventions, methods, and techniques have been employed (*processes*) and many people have been the recipients of these efforts (*products*), it has not been shown that completion of such activities has resulted in an increased ability to acquire and keep jobs and to contribute both on the job and in society (*outputs and outcomes*). Thus, increased training and greater numbers of people receiving such training are no guarantee that the impact of those people on society will be positive. For example, a person who completes a special program in leadership might be unable to find a job that requires leadership skills. Furthermore, even if he or she has an opportunity to apply these skills, the “products” resulting from this application might not be useful to the organization and to society if these two entities fail to link inputs, processes, and products to outputs and outcomes.

Many politicians and industrialists see increased “productivity” as an important goal. In government as well as business, they look for ways to increase productivity without first linking productivity (products) with outputs and outcomes. The following is a hypothetical agribusiness example:

The government of a particular state conducted extensive agricultural research to increase the state’s grapefruit production. This research resulted in the development of a new fertilizer that would potentially increase the yield per acre 37 percent. The Legislative Council on Improved Productivity endorsed the fertilizer, and for two years after usage began the yield per acre did, in fact, increase 37 percent. Unfortunately, because the market for grapefruit did not increase, much of the excess fruit rotted in storage bins. Consequently, a great deal of money was lost by those who supported this endeavor and who did not bother to link *inputs* (land, trees, and funds), *processes* (new fertilization methods, harvesting techniques, and marketing strategies) and *products* (37 percent more grapefruit per year) to *outputs* (purchase of grapefruit by marketers, distributors, and concentrate factories) and *outcomes* (purchase by consumers).

As shown in this example, an increase in productivity per se is not necessarily useful. Another hypothetical example is as follows:

A survey conducted in a particular city showed that 14 percent of those entering college in that area wanted to be nurses. Based on that survey, the numbers of courses and teachers in nursing were increased by the local colleges. The college counselors announced these increases to incoming freshmen, who responded by enrolling in nursing in greater numbers. After the required four years of training, the number of nursing graduates seemed to justify the change instituted by

the colleges. However, the placements proved disappointing. Of the 365 nursing graduates, only sixty-five were placed. Although the remaining three hundred graduates were offered jobs in other cities, only forty opted to move; the other 260 wanted to stay in the local area. Most of those who stayed either went on unemployment or took subprofessional positions and earned incomes and maintained standards of living below those of most nursing graduates. Four years earlier no college officials had considered the students' goals to become nurses in light of such factors as the local requirements for nurses and the students' personal values and desires; possible outputs and outcomes had not been investigated.

Thus, before a program is instituted consideration should be given not only to the "classical" parameters of inputs, processes, and products but also to outputs and outcomes.

WIDENING HORIZONS

Some recent developments indicate that perspectives in HRD are not as limited as they have been in the past. For example, Lincoln and Guba (1980) advocate distinguishing between "merit" and "worth." They feel that the two words are often confused and that this confusion leads to acceptance or rejection of a good idea (one with *merit*) because of the context in which the idea is presented or is to be used. *Worth*, then, is inappropriately judged only in political terms: what will work, regardless of the merit of the idea or the result for individuals and society in general. Making the distinction between a good idea and its political expediency is an important step in the process of persuading people to look beyond currently accepted practice.

Kaufman and Carron (1980) propose that interventions be chosen on the basis of their potential to assist people in becoming economically self-sufficient. "Self-sufficiency" is defined as economic independence and self-reliance and, under the best of circumstances, the ability to contribute to society. With this approach the emphasis shifts from interventions that are perceived as politically expedient to those that offer the greatest benefits to the individual, the organization, and society. Furthermore, Kaufman and Thomas (1980) suggest linking needs assessment and evaluation to the Organizational-Elements Model, and Kaufman (1982) and Kaufman and English (1979) discuss ways to establish such linkages.

RELATING JOB RESPONSIBILITIES TO THE ORGANIZATIONAL-ELEMENTS MODEL

Very few people in an organization are concerned with all five organizational elements. *Workers*, by training and assignment, are primarily concerned with *processes*—the execution of techniques, methods, and procedures. They also tend to be evaluated according to process standards. Certainly they deal with *products*, but their main emphasis is on improved delivery. The *facilities officer* is interested in *inputs* (buildings, production materials, and equipment) and is evaluated on the basis of the extent to which those inputs are useful and ready to be used in the system's *processes*. The *head*

of a department is interested in using the existing *inputs* properly through the use of workers and equipment and is evaluated on the basis of how smoothly the system runs (*processes*) as well as the achievement of results (*products*). The *division manager* is concerned with *inputs*, *processes*, and *products* and is evaluated according to the quality and/or quantity of the system's products. The *chief executive officer*, as steward of the entire system, is concerned with all *inputs*, *processes*, *products*, and *outputs*.

Outcomes are the concern of only a few *forward-thinking managers* and the *public* that pays the bills for outputs. Employers, for instance, examine the outputs of the school system (graduates) to determine whether these outputs can be of value to their organizations as employees. The purchaser also assesses the usefulness of outputs and decides whether various goods are worthy of purchase.

A slightly different and perhaps more helpful approach to understanding organizational responsibilities is to consider each employee a specialist in a particular organizational element and to evaluate that employee in terms of his or her direct or indirect contribution to the next higher organizational element (Kaufman, 1981). For example, a "good" worker is one who delivers a product of sufficient quality to meet performance standards. Successful workers, then, use *processes* to achieve results in the form of *products*. Similarly, a "good" supervisor is one who supervises good work, oversees the generation of *products* that meet quality standards, and ensures that these products are seen as useful to the rest of the system and deliverable to society (*outputs*).

This approach to job responsibilities points out the interdependence of the five organizational elements and thus presents certain implications for HRD interventions. If the goal is to improve the entire organization, all five elements and their respective specialists must be included in the program established to achieve this goal. If a choice is made to focus on improving only part of the organization through interventions geared toward certain elements and specialists, any changes instituted will almost certainly affect the rest of the organization, but there is no way of predicting whether these changes will be beneficial or detrimental to those elements not included in the interventions.

IMPLICATIONS FOR ORGANIZATIONS

It has been suggested that most current HRD policies and procedures relate only to the organizational elements of inputs, processes, and products. Some include a consideration of outputs, but virtually none relate to all five elements. When an organization develops, implements, and evaluates policy on the basis of only three or four elements, the chances are slim that holistic, externally useful, truly successful HRD will result. Instead, pressures are exerted within the system to maintain current ways of achieving strictly organizational results (products and outputs). Concerns for outcomes—social impact measured by income differentials as well as quality-of-life indicators—are ignored or dismissed as unimportant by those who are unable or unwilling to consider a wider frame of reference.

Thus, organizational policies and procedures that are limited to internal considerations only seldom lead to dramatic change (Kaufman & English, 1979); in fact, when internal considerations are the sole focus, it is possible that dramatic change can be generated only by external or cataclysmic forces. This narrow frame of reference invites the continuation of the status quo, a condition that the public rarely applauds. However, by considering external as well as internal impacts, organizations can break this cycle of relatively ineffective results and can ensure that their outputs are useful to themselves and to society as well.

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■ AN OD FLOW CHART: FROM BEGINNING TO END

William A. Gamble

It is often difficult for a client to visualize the flow of an organization-development (OD) effort from beginning to end. The difficulty stems primarily from the long-term, intangible nature of OD itself, as opposed to the short-run, bottom-line-results orientation of many managers. The difficulty is even greater because of the variety of approaches or interventions available to a client system and the infinite number of possible outcomes resulting from a particular course of action. A simple model depicting the major portions of an OD effort using a modified electronic data processing (EDP) systems flow-chart format is useful. The model can be expanded to explore a particular process, decision, or outcome in as much detail as may be required.

The major segments or phases of the OD effort portrayed by the model include collection, analysis, and feedback of organizational assessment data; the planning for and design of specific intervention strategies, methods, and activities; and an evaluation of the impact of the intervention on the client system. It is helpful to identify specific consultant/management tasks and responsibilities as the different phases or processes unfold.

DIAGNOSING THE ORGANIZATION

Figure 1 outlines the first steps of the effort, beginning after a contract has been negotiated. (Arriving at a suitable contract may, in itself, be quite a complicated process; the model can be modified to include this aspect if desired.) When diagramming the diagnostic process, it may be necessary to indicate (perhaps as a subroutine) the specific decisions required by management and the effects of those decisions; for example, management's own assessment of and insight into the organization's climate will affect the consultant's selection of techniques and procedures for further diagnosis. In addition, management's desires, in terms of specific data to be measured, will narrow the focus and affect the structure of any instrument developed for assessment purposes.

As Figure 1 illustrates, if a need for further action is not recognized by management as a result of the assessment, there is little need to go on without some renegotiation of one or more aspects of the contract. It may be necessary to redesign assessment tools or it may be desirable to terminate the effort. However, if management responds positively, the effort can proceed to the next phase, planning and designing interventions.

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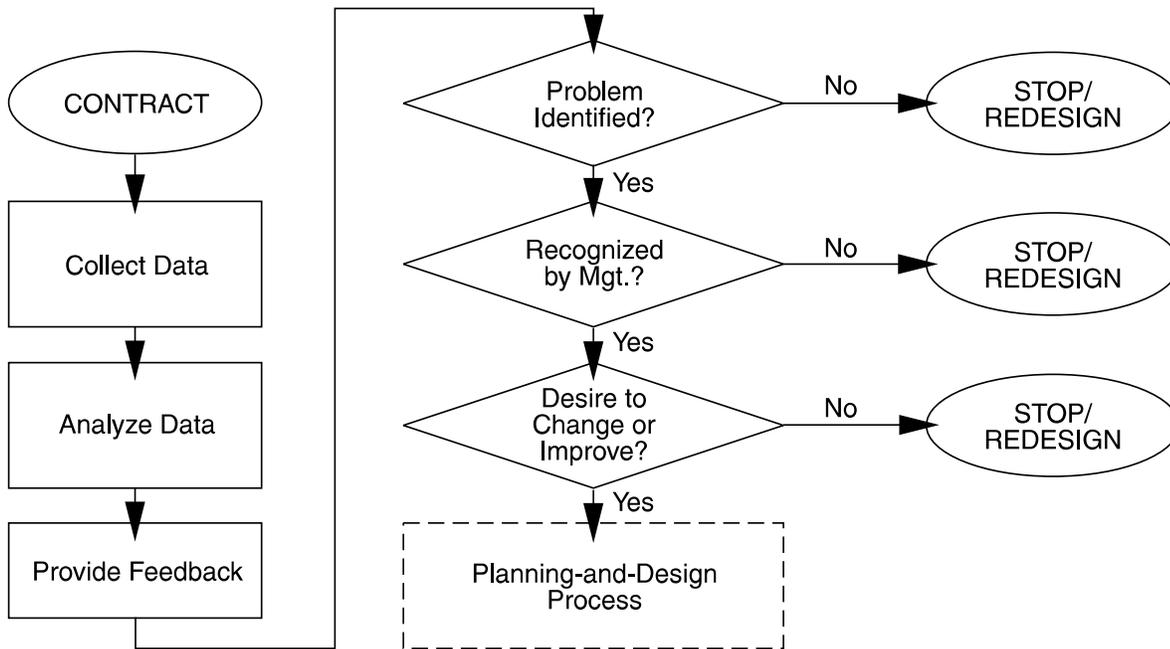


Figure 1. The Diagnostic Process

PLANNING AND DESIGNING INTERVENTIONS

The next step is depicted in Figure 2. To be most effective, management's involvement in the planning-and-design phase should be extensive to assure that the interventions selected are realistic and meet the unique needs of the organization. Furthermore, an involved management will develop a sense of ownership for the effort and more readily commit time, energy, and other resources necessary for successful implementation of the plan. When the stakes are high enough, failure cannot be allowed to occur.

The planning and design stage incorporates not only entry-level and activity design, but the development of a sound evaluation plan by which to measure the results of the effort in the long run. It may be desirable, depending on the organization and its individual resources, to develop the evaluation plan as part of the contract itself. However, in this model it is included in the planning and design stage.

CARRYING OUT THE PLAN

Now the consultant must implement the overall plan of action developed in the preceding stage. Although the consultant must have considerable technical flexibility and freedom of action, management approval must be sought if major changes are required in direction or if the situation dictates a radical departure from the originally agreed-upon intervention strategy. A critical aspect of this phase is the mid-course evaluation, a built-in, systematic review of progress to determine if the original objectives are being met and whether or not adjustments are needed. Figure 3 shows the entire procedure.

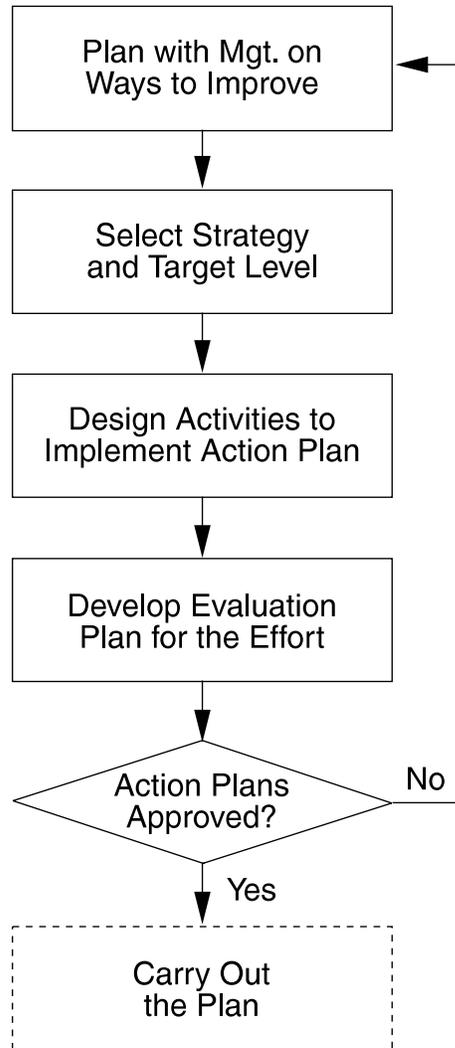


Figure 2. The Planning and Design Process

EVALUATING INTERVENTION RESULTS

Figure 4 depicts one of the most important aspects of the total effort: evaluating the results of the intervention to determine the soundness of earlier plans, the appropriateness of the selected strategy, and the implementation of the plans. Two basic questions to be answered are (1) Were major objectives met? and (2) What impact was made on the organization?

As can be seen in the figure, negative responses result in a change of direction within the model. To illustrate, if it is determined that the intervention was aimed at the wrong target level in the organization, this finding should be pursued in additional planning sessions and a more appropriate target group must be selected. If, however,

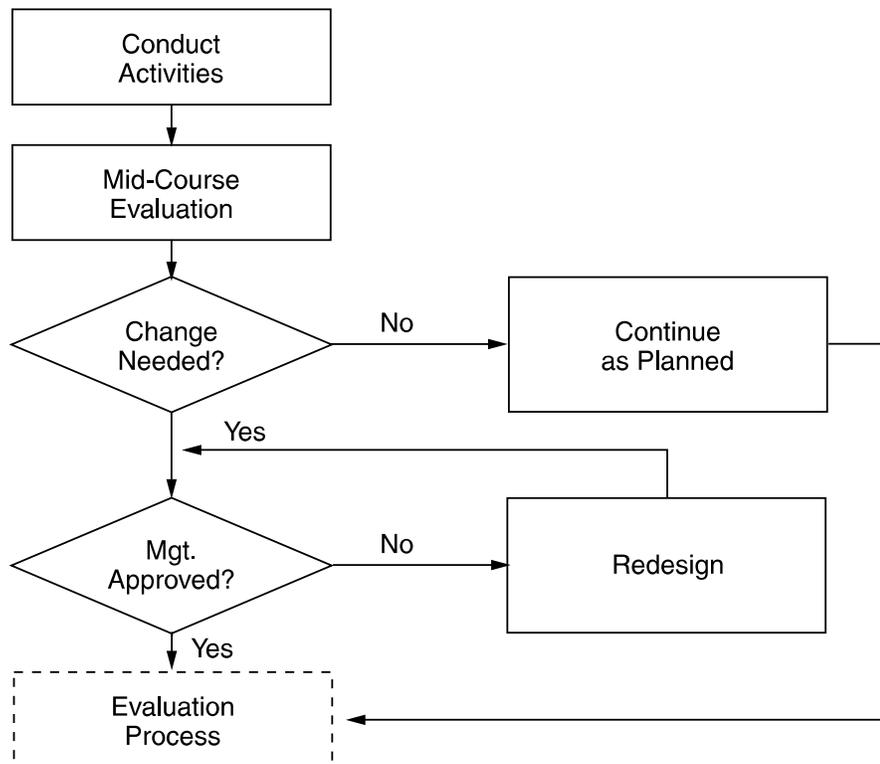


Figure 3. Carrying Out the Plan

the target was right but the wrong problem was identified, the original assessment data should be reevaluated, even if this involves doing further diagnosis. If the selected strategy was inappropriate for the people and issues involved, a new strategy is necessary.

Throughout the evaluation process, there should be systematic efforts to integrate the philosophies and techniques of OD into the client system's social and normative structure to prevent reversal of positive trends and to ensure further growth of the organization. The organization should be left with sufficient expertise to be able to examine its current state of internal affairs and to apply OD when necessary. If this capability is established and cultivated within the organization, the formal OD intervention can be terminated, with the consultant remaining on call in case problems occur.

Figure 5 diagrams the OD process in its entirety. The circled numbers represent exit and reentry points; e.g., a negative response to "action plan approved" (①) directs the consultant to "plan with management on ways to improve" (①).

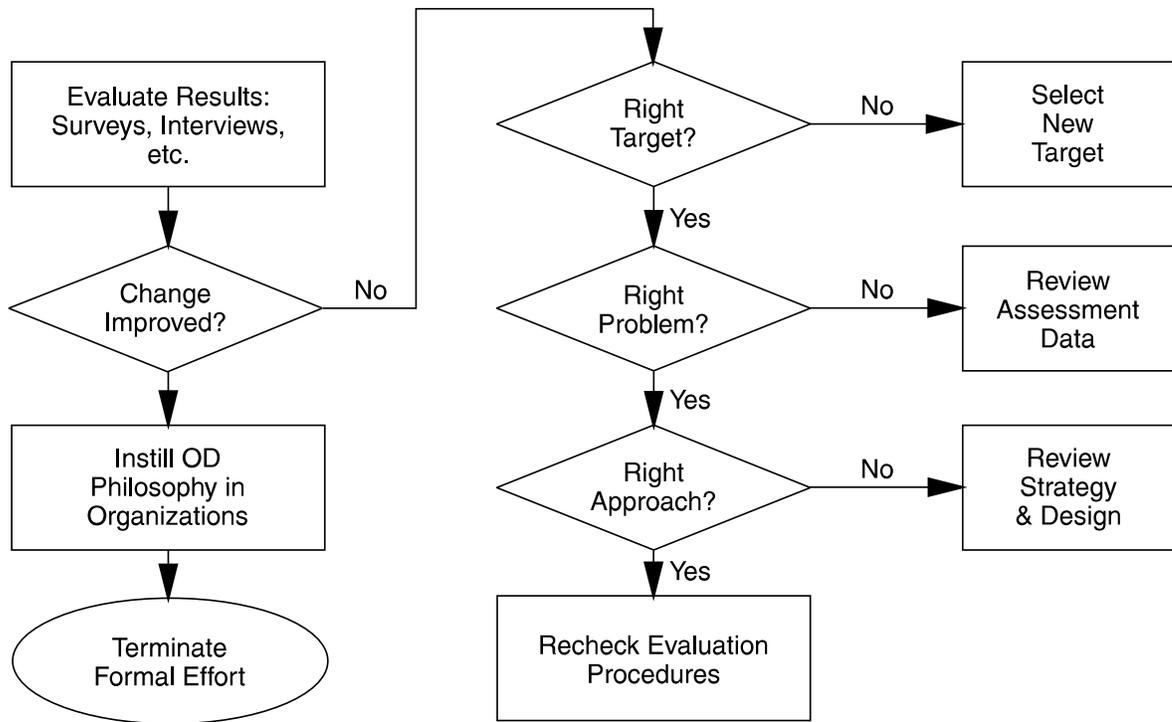


Figure 4. Evaluating the Results

This model can be expanded or contracted to correspond to the particular needs of the consultant and the client. Most managers are at least partially familiar with this type of flow diagram and should be able to understand it. The model is very useful for a consultant who wishes to outline the general structure of the OD effort to a client or a group of managers. Especially important is the model's emphasis on the organization as the critical factor rather than the consultant. Success or failure of the selected interventions is shown to be largely a function of the organization's management—and rightly so.

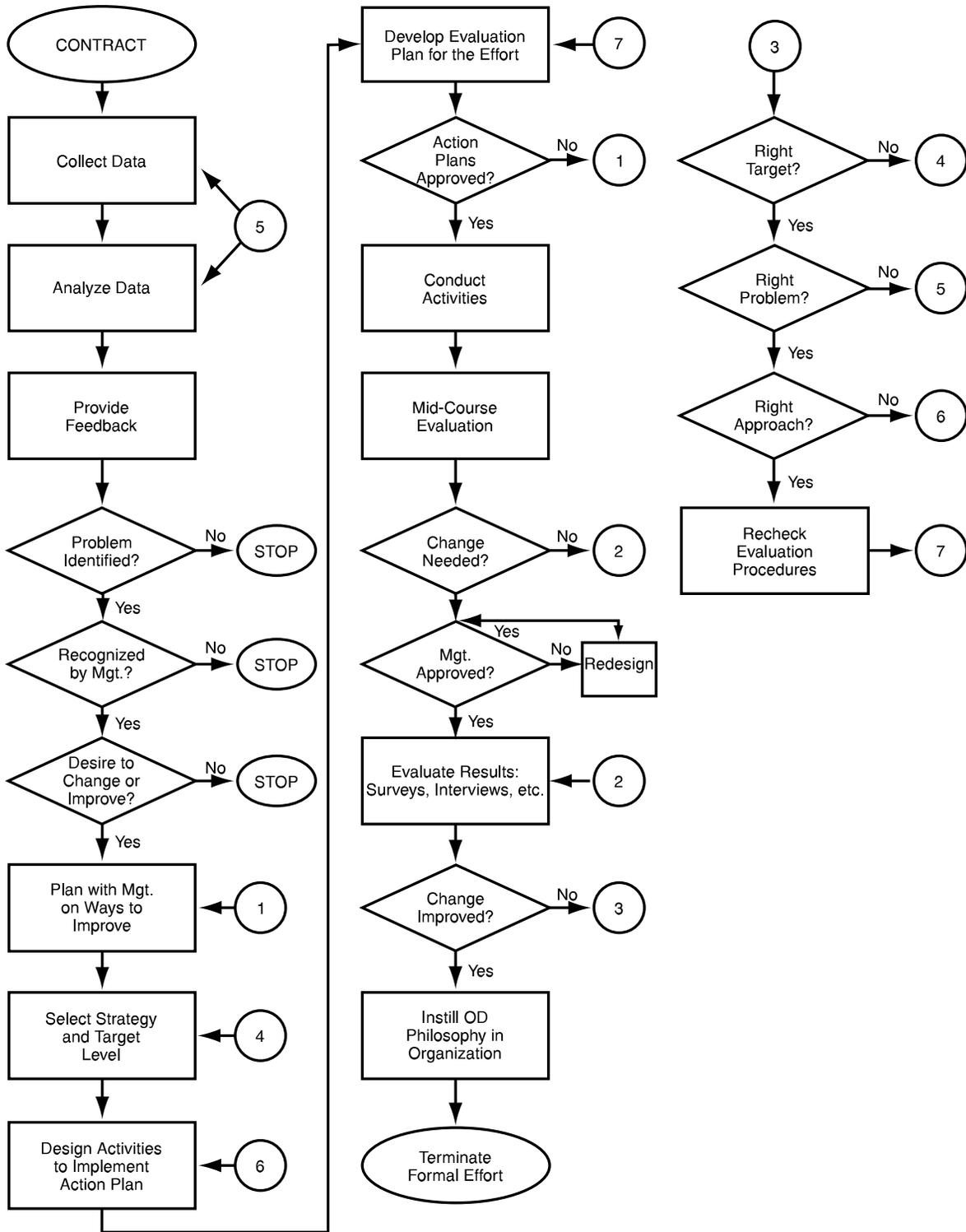


Figure 5. An Overall View of Typical OD Effort in an Organization

■ ORGANIZATIONAL ANALYSIS, DESIGN, AND IMPLEMENTATION: AN APPROACH FOR IMPROVING EFFECTIVENESS

David A. Nadler

In the last twenty years, there has been an explosive development of new tools for improving the effectiveness of organizations. Both research and practice have answered many questions about how organizations function and how different patterns of organizational behavior contribute to or detract from organizational performance. However, the insights gained from research, theoretical development, and practice have presented another, more formidable question: How can these insights be applied?

Over time, it has become apparent that different approaches for improving organizational effectiveness have certain characteristics in common. As a result of attempts to apply some of these technologies, consultants have learned that the following elements are important, if not essential, to any approach.

1. *Diagnosis.* The effective solution of organizational problems is dependent on a thorough diagnosis (Lawrence & Lorsch, 1969; Levinson, 1972). In the absence of diagnosis, the consultant may begin to apply solutions in search of problems, and this approach can lead to the prescription of treatments for ailments that do not exist.

2. *Systematic Processes.* Organizations are complex systems. The data that are essential to diagnostic and problem-solving endeavors must be collected in such a way that validity is ensured and that the collection itself does not endanger the organization or its members (Nadler, 1977). This requires the development of a systematic approach to identifying problems, generating solutions, and implementing those solutions.

3. *Research-Based Models.* The complexity of organizational phenomena requires that diagnosis and problem solving be conducted according to some kind of “road map.” It has become more and more obvious that organizations are dynamic systems and that the simple application of common sense is not enough to understand problems and develop solutions. Aids are required in the form of theories, concepts, and models validated by both research and practice.

4. *Employee Participation.* It has been shown that when an organization’s employees participate in solving problems and implementing solutions, the effectiveness of these procedures can be greatly enhanced (Coch & French, 1948; Vroom, 1964; Vroom & Yetton, 1973). This speaks for involvement whenever appropriate.

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5. *Timeliness.* Diagnoses and action sequences that are timely produce great benefits. Frequently, systematic problem analysis is erroneously equated with lengthy problem analysis. For example, when diagnostic studies continue six or eight months, managers find themselves either having to solve problems on their own or learning to live with those problems. Thus, interventions that address important problems must be conducted in a timely manner.

6. *Senior-Management Involvement.* Numerous studies and projects have reaffirmed the conviction that senior management should be involved in, or at least supportive of, the problem-solving activity. More specifically, research indicates that senior managers approach problem solving with their own “road maps” or models (Argyris & Schon, 1974); when these models differ from those used by the people who are doing the actual problem-solving work, conflict is inevitable and implementation of solutions becomes problematic.

As mentioned previously, the importance of these elements is well supported by theory, research, and the experiences of managers and consultants; however, some of the elements seem inherently contradictory. For example, how can problem solving include employee participation and still be timely? How can it depend on research-based models and still allow for participation? How can both management and nonmanagement personnel be involved?

In fact, the literature on organizational improvement is full of reports of efforts in which one element (for example, employee participation) was present and a seemingly contradictory element (for example, senior-management involvement) was not, resulting in failure. The conclusion seems to be that there has been a need to develop a technology that makes effective tradeoffs among these criteria.

This paper describes one such technology that is applicable to many different situations. It has two major components. The first of these is a model of organizational effectiveness (Nadler & Tushman, 1977, 1981) that aids in diagnosing problems, developing solutions, and implementing those solutions. The second is a structured process for problem solving or a sequenced set of phases, each with its own goals, structures, and activities.

THE CONGRUENCE MODEL OF ORGANIZATIONAL BEHAVIOR

There are many different ways of viewing organizations and the patterns of behavior that occur within them. During the past two decades, however, there has been an emerging view of an organization as a complex and open social system (Katz & Kahn, 1966) that receives input from the larger environment and subjects the input to various transformation processes that result in output.

As a system, an organization is composed of interdependent parts. Change in one part of the system results in changes in other parts. However, an organization also has the property of equilibrium; the system generates energy to move toward a state of

balance among its parts. In addition, it needs to maintain favorable transactions of input and output with the environment in order to survive over time.

Although this system perspective is useful, by itself it may be too abstract to be a usable tool for managers. Thus, a number of organizational theorists have attempted to develop more pragmatic theories or models based on the system paradigm. The author's particular approach, called the Congruence Model of Organizational Behavior (Nadler & Tushman, 1977, 1979, 1981), represents such an attempt. This model depends on the relationships among input, transformation process, and output. In this framework, the principal inputs to the system of organizational behavior are the following:

- The *environment*, which provides constraints, demands, and opportunities;
- The *resources* available to the organization;
- The *history* of the organization; and
- The organization's *strategy*, perhaps the most crucial input because it consists of key decisions regarding the match of the organization's resources with the constraints, demands, and opportunities in the environment and within the context of history.

In general, the output of the system is the effectiveness of the organization in performing in a manner consistent with the goals of its strategy. Specifically, the output includes not only *organizational performance* as a whole, but also its major contributors, *group performance* and *individual behavior and affect*. Thus, as shown in Figure 1, the organization is viewed as a mechanism that takes inputs (strategy and resources in the context of history and environment) and transforms them into outputs (patterns of individual, group, and organizational behavior).

The major focus of organizational analysis, therefore, is this transformation process. The Congruence Model conceives of the organization as being composed of four major components as follows:

- The *tasks* of the organization, or the work to be done and its critical characteristics;
- The *individuals* who are to perform organizational tasks;
- The *formal organizational arrangements*, which include various structures, processes, and systems that are designed to motivate individuals and to facilitate task completion; and
- The *informal organizational arrangements*, which include patterns of communication, power, and influence as well as values and norms that are neither planned nor written, but tend to emerge over time and ultimately characterize actual functioning.

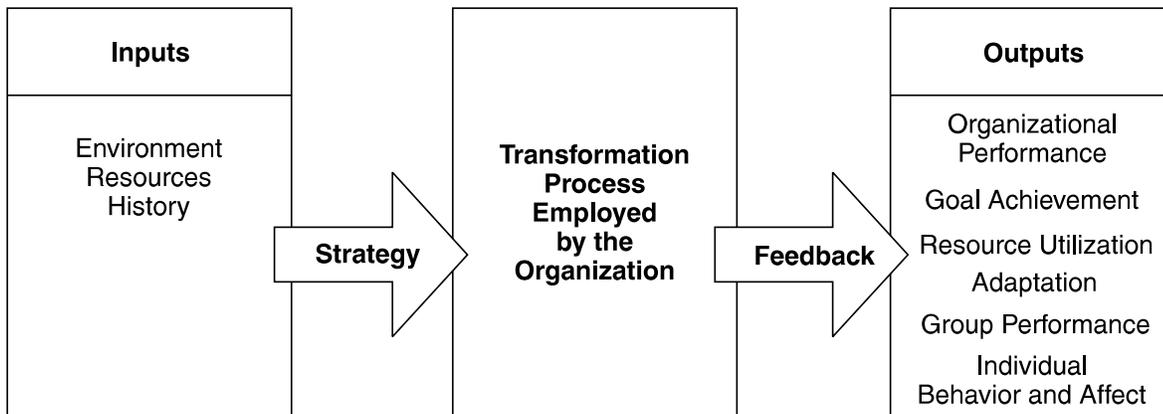


Figure 1. The System Model Applied to Organizational Behavior

The basic hypothesis of the model is that *an organization is most effective when its major components are congruent with one another*. The relationships among these components are illustrated in Figure 2. When an organization faces problems of ineffectiveness, these problems stem from poor fit, or lack of congruence, among organizational components. For example, the skills and abilities of the individuals available to do the necessary tasks must be congruent with the demands of those tasks; at the same time, the rewards that the work provides must be congruent with the needs and desires of the individuals.

Thus, this approach to organizations is a contingency approach. There is not one best organizational design or style of management or method of working; rather, different patterns of organization and management are most appropriate in different situations. The model recognizes the fact that individuals, tasks, strategies, and environments may differ greatly from organization to organization.

A PROCESS FOR PARTICIPATIVE DIAGNOSIS, DESIGN, AND IMPLEMENTATION

Any substantive model of organizational behavior, such as the Congruence Model, assists the manager or consultant by suggesting which elements should be analyzed and by aiding in identifying both the causes of problems and possible solutions. However, most models do not indicate how to accomplish diagnosis and problem solving. What is needed, therefore, is a process model or a set of sequenced phases of activity that serves as a guide for using a substantive model. One such process is described in the following paragraphs. It is designed for use by a consultant in implementing a participative approach to addressing organizational problems—an approach in which employees are involved in diagnosing problems, developing solutions, and implementing those solutions.

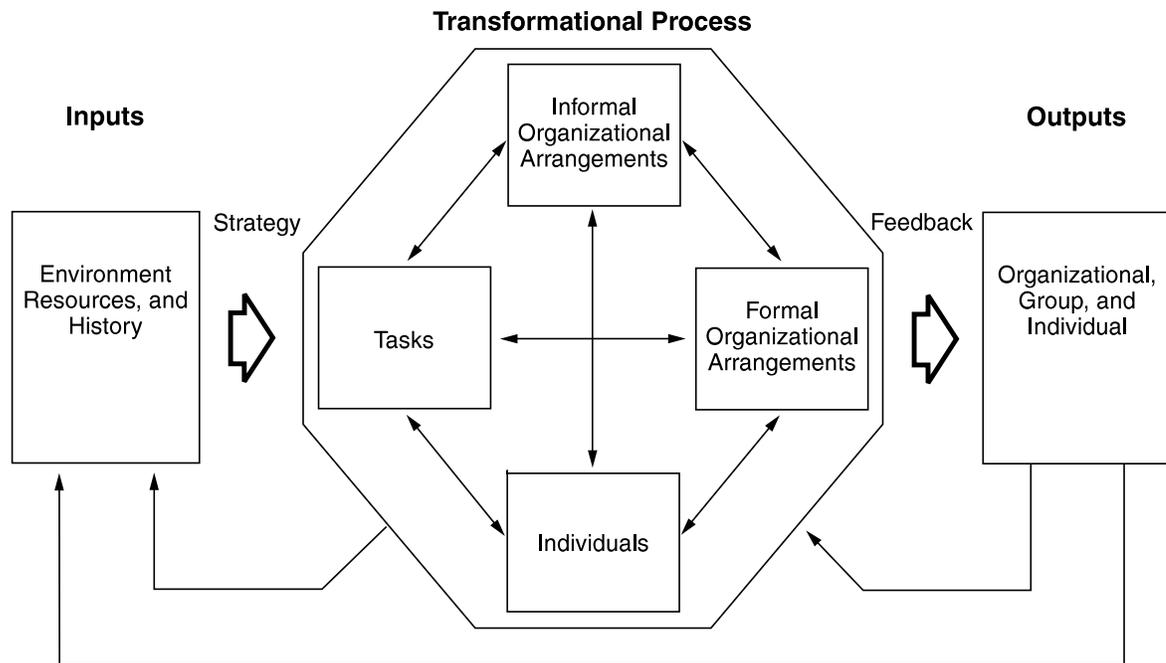


Figure 2. The Congruence Model of Organizational Behavior*

Process Overview

As shown in Figure 3, the process consists of five phases of activity. In the first phase, *needs identification*, the consultant collects data in a limited fashion for the purpose of developing diagnostic hypotheses and determining whether the problems and their causes are organizational in nature. In the second phase, *diagnosis*, the consultant and a team of people from the organization participate in an in-depth data-collection and analysis activity aimed at identifying problems, their costs, and their causes. The third phase is *design*, during which the consultant and another team of organizational members develop and design solutions for the problems identified in diagnosis. In the fourth phase, *implementation*, a transition team consisting of organizational members coordinates the movement of the organization from its current state toward the full implementation of the design-phase recommendations. Finally, in the *evaluation* phase, the diagnostic activities are repeated to determine whether the projected benefits of the design were realized.

Throughout this process the bulk of the work and analysis is done by teams of employees (including managers) who are aided by the consultant. While these activities are being completed, the senior management of the client unit is also involved in a series of workshop activities that parallel the employee-team phases. In each case, the client participants use specific tools to accomplish data collection, analysis, design, and implementation, and most of these tools are provided within the context of the Congruence Model.

* Figure adapted from D.A. Nadler and M.L. Tushman, "A Congruence Model for Diagnosing Organizational Behavior," in D. Kolb, I. Rubin, and J. McIntire, *Organizational Psychology: A Book of Readings* (3rd ed.) Prentice-Hall, 1979.

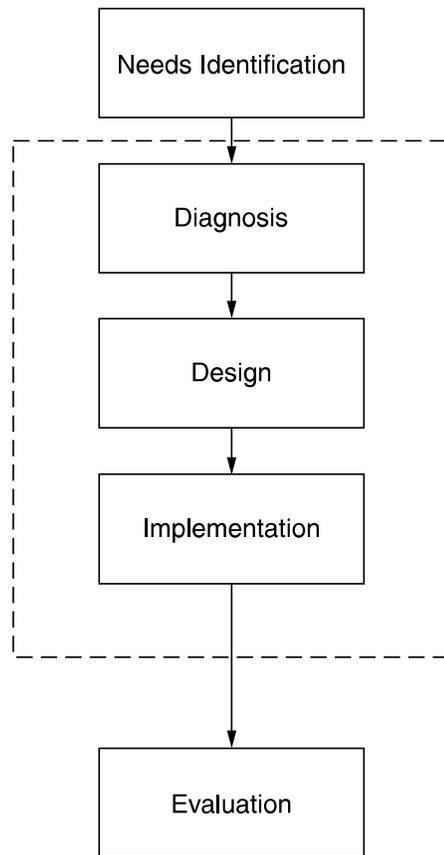


Figure 3. An Overview of the Organizational Diagnosis, Design, and Implementation Process

The Structure and Activities of Each Phase

The total process is designed to be applicable in a number of settings with limited input and support from an “expert” or consultant. As illustrated in Table 1 and described in the following paragraphs, in each phase specific individuals or groups are designated to complete specific activities.

1. *Needs Identification.* In this phase, the consultant and the chief operating officer of the particular client unit, department, or group work jointly to identify major problems, to determine whether the subsequent phases of diagnosis and design are needed, and to ensure that these activities will be responsive to the identified problems and needs. Typically, this phase starts when the client, usually a senior manager, approaches the consultant; during an ensuing discussion, the client talks about his or her perception of problems and needs in the organizational unit, and the consultant describes the analysis, design, and implementation process. This discussion may be repeated in a separate session for other members of the senior management of the unit.

These initial discussions are usually followed by a limited data-collection activity. The consultant conducts interviews with employees in the unit who represent different levels and different functional groupings. The interview is structured but open ended,

with questions derived from the Congruence Model. These data, as well as observational data and pertinent information from sources such as performance results and annual reports, are analyzed using the Congruence Model. Subsequently, a series of diagnostic hypotheses is developed; these hypotheses are recorded as testable-but-tentative statements of problems and their causes. The entire analysis is then presented to the senior management of the unit along with a proposal (if appropriate) outlining the scope and nature of a recommended diagnostic effort. Management then makes a decision whether to stop the process at this point or to proceed to diagnosis.

2. *Diagnosis.* The goal of the diagnostic phase is to identify problems (discrepancies between expected and actual outputs), to estimate the costs associated with those problems, to identify factors causing the problems, and to identify opportunities or arenas for action aimed toward solutions. Again, the Congruence Model serves as the basic diagnostic device, although other, more specific models are employed as well. Among the models frequently used are those of performance (Lawler, 1973), organization design (Galbraith, 1973, 1977), job design (Hackman & Oldham, 1980), and organizational climate (Litwin & Stringer, 1968).

During this phase, a team is formed and assigned to work full-time on diagnosis. Its members come from the organization and are chosen on the basis of their specific subject-matter expertise (as related to the work and technology of different parts of the unit), their roles in the informal organization (opinion leaders), their credibility, and their oral and written communication skills. Usually, eight to twelve people are selected from different levels of the organization.

The consultant trains the team in the conceptual models and the specific diagnostic tools to be used. The team then collects information that includes descriptions of work flows as well as data derived from individual and group interviews, instruments, observations, and archival sources. These data are analyzed to identify problems and to estimate costs (usually in dollar terms, accounting for additional expense, lost revenue, and so forth). Then the team writes a diagnostic report that details the methodology and identifies problems, causes, and penalties (costs).

The diagnostic activities are designed to take no more than twenty to twenty-five working days. The team formally presents its report to the management of the unit, whose members then make a decision regarding whether to proceed to the design phase.

3. *Design.* The design phase also depends on a team of organizational members who are assigned to work on their task full-time and who are chosen according to approximately the same criteria that governed selection of the diagnostic team. However, there are a few differences in team composition, partially because of the scope of the design activities and the segments of the organization that will be the focus of the design. Also, the average hierarchical level of employee is generally higher for the whole team because a somewhat broader perspective is frequently needed for the design of solutions than for the diagnosis of problems. In addition, this team requires a designated leader to manage its work; usually, the individual chosen is someone who

**Table 1. Major Phases of the Organizational Analysis, Design,
and Implementation Process**

Phase	Designated Individual or Group	Activities
Needs Identification	Consultant	Initial discussion with management Employee interviews Analysis and hypothesis formation Feedback of analysis Diagnosis proposal Decision about proceeding
Diagnosis	Consultant Diagnostic team composed of organizational members; assigned full-time	Data collection: work flows, interviews, instruments, observations, archival sources Data analysis: problems, costs Diagnostic report and presentation Decision about proceeding
Design	Consultant Design-team leader Design team composed of organizational members; assigned full-time	Design or redesign of work flows, the organization (grouping of functions), jobs, and/or support systems and mechanisms Design report and presentation Decision about proceeding
Implementation	Consultant Transition manager Transition team composed of organizational members; assigned part-time	Analysis of transition issues Development of transition plan (activity network, benchmarks, evaluation points) Development of "marketing" strategy Execution and monitoring of transition plan
Evaluation	Consultant Evaluation team composed of organizational members	Repetition of diagnostic phases Review of findings compared with design-report predictions

reports directly to the chief operating officer of the unit. Thus, in this phase the consultant functions more as a teacher and a facilitator than as a manager, as is the case during diagnosis.

The basic goal of the design team is to design or develop solutions for the problems identified in the diagnostic phase. The main conceptual tool used in addition to the Congruence Model is a specific theory of organizational design based on information-processing concepts (Galbraith, 1977; Tushman & Nadler, 1978) of job design (Hackman & Oldham, 1980). However, the solutions developed may not be restricted to job design; depending on the nature of the problems identified in the diagnostic phase, solutions may also encompass training, team building, changes in management practices, and so forth. When these types of solutions are called for, still other conceptual tools are required.

The design team delves into and may provide alternative approaches to the actual work flow, the organization itself (including the grouping of functions and the relationships among various functions), specific jobs, and support systems and mechanisms (rewards, measurements, methods and procedures, supervisory

relationships, and so forth). Recommendations are summarized in a report that is formally presented to management. Then management is faced with a decision about whether to accept the design as is or to alter it and whether to continue to implementation.

The training of the design team is accomplished in a somewhat different way from the training of the diagnostic team. Members are not trained completely at the beginning of the process; instead, they are trained in modules corresponding to the different types of design tasks to be completed (for example, work-flow redesign or function regrouping). Each module is conducted immediately before the team is required to do that particular work.

As is the case with the diagnostic phase, the design phase, including training, is structured to be completed within twenty to twenty-five working days.

4. *Implementation.* Experience has indicated the vital role of a specific implementation program in bringing about organizational improvements (Nadler, 1981). However, this phase is frequently given insufficient attention. Consequently, the process described in this paper places a good deal of emphasis on managing the implementation of the design recommendations.

A transition team is assembled to manage the implementation. This team has an officially designated leader, usually someone who reports directly to the chief operating officer of the unit. The consultant trains the members by conducting an “implementation-strategies workshop” and then guides the team through a process of identifying the issues (both technical and political) involved in the implementation. Subsequently, the team members collectively develop a transition plan that includes an activity network, such as a Program Evaluation and Review Technique (PERT) chart (Miller, 1974), benchmarks, evaluation points, and so forth. In addition, a strategy for “marketing” the implementation is developed.

When the transition plan is approved by management, the team is responsible for monitoring the implementation process until the new structure has been instituted completely. This period varies from a few weeks to a number of months, depending on the scope, size, and intensity of the changes being implemented.

5. *Evaluation.* During this final phase, the diagnostic activities are repeated to determine whether the problems originally identified were solved, whether the design was implemented and produced the results predicted, and whether any new problems arose or were created as a result of the new design. These determinations may lead to the repetition of the cycle with a different scope or with new problems to address.

The Management Workshop “Parallel Path”

Early experiences with the five-phase model presented in this paper indicated that it was relatively successful through the end of the design phase. Clients tended to agree to conduct diagnosis, accept the diagnostic report, authorize the establishment of a design, and accept the design recommendations. Frequently, however, severe problems were

encountered during implementation because the senior management of the unit did not fully understand, support, or feel involved in the new structure and the implementation process. This situation led to the development of another set of activities aimed at helping senior management to understand, influence, and thus “own” the design, all with the goal of increased success in the implementation phase. What was developed was a series of workshop sessions involving the chief operating officer of the unit and his or her two immediately subordinate levels. These workshops run concurrently with the diagnostic, design, and implementation phases and are thus referred to as the “parallel-path” activities (see Figure 4). The general goals of the parallel path are as follows:

- To introduce the managers to the concepts, models, and tools that the diagnostic, design, and implementation teams are using;
- To provide an opportunity for the managers to look at their own operations and develop their own informed views about problems, solutions, and implementation processes;
- To transform the managers into informed, critical consumers of diagnostic and design reports: and
- To enable the managers to provide active support during the implementation of new designs and solutions.

There are three workshops, each associated with a particular phase of the employee-led process:

1. *Diagnosis Workshop*. This workshop is a series of sessions conducted on four separate half-days. The participants are introduced to the concept of models for diagnosis and design and are taught the general diagnostic model (Nadler & Tushman, 1977) as well as some of the basic concepts of motivation, job design, and organization design. They gain experience with the concepts through analysis of case studies and case discussions, and finally they apply these concepts to the unit of which they are all part. In a fifth session, the parallel-path group meets with the diagnostic team to hear and react to its report.

2. *Design Workshop*. The next workshop is aimed at familiarizing the managers with tools for design and allowing them to make some basic, fundamental design decisions about the configurations of the organization as a macrocosm. The managers are taught both the concepts and the techniques of the information-processing model of design (Galbraith, 1973, 1977; Tushman & Nadler, 1978), and then they apply that model to case studies and their own organization. The final session usually transpires immediately before the design team presents its report, although throughout the process there is contact between the two groups (via the consultant and through overlapping membership) so that all activities coincide.

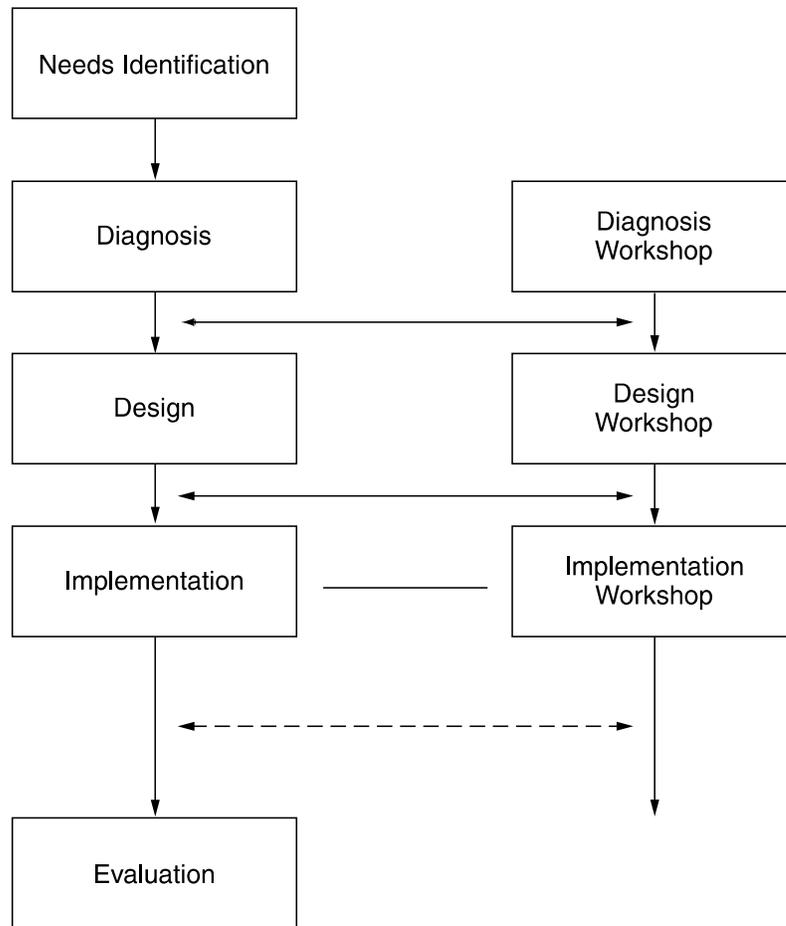


Figure 4. The Employee-Led Process and the Parallel Path of Senior Management

3. *Implementation Workshop.* The implementation workshop actually precedes the activities of the implementation team. The goal of this workshop is to develop the managers' sensitivity to the critical importance of effectively managing the transition between a current state and the desired future state. The managers work on a complex case in which an appropriate new design was implemented but the transition was managed poorly, leading to major problems. Then the members are presented with concepts of transition management and the implementation of change (Beckhard & Harris, 1977; Nadler, 1981), after which they establish a set of issues and recommendations for the transition team to consider.

At the conclusion of the workshops, the management group continues to function during the period of implementation and transition. It meets at fairly regular intervals (for example, once a month) to hear reports from the transition team and to monitor progress.

Thus, the mainstream activities (from needs identification through evaluation) and the parallel-path workshops form an integrated process that not only allows for employee participation in the diagnosis, design, and implementation activities, but also

maintains the involvement and builds the support of senior management. In the mainstream phases, the employee teams complete the work of the transition; meanwhile, the senior managers are trained to understand and appreciate this work so that they can support the end products.

CHARACTERISTICS OF THE PROCESS

The entire process provides one way of incorporating and making tradeoffs among the desirable characteristics of an effort to improve organizational effectiveness.

- The approach is *diagnostic*; it provides for two phases of diagnosis to ensure that the particular methods, tools, and processes selected are appropriate for the client organization.
- It is also *systematic*; it is comprehensive and can be outlined ahead of time and managed.
- The process is built on the use of *research-based models* for diagnosis, design, and implementation. It enables the use of scientific tools in an applied setting.
- The team structure provides a method for *employee participation* in the actual work of diagnosis, design, and implementation.
- The structure of the process and the use of intensively managed teams and task forces allows for *timeliness* in completion.
- Finally, through the parallel-path activities, *senior-management involvement* is ensured.

RESULTS

The process has been used in various forms in a number of organizations. An overview of the results obtained with one client organization illustrates the effectiveness achieved.

In a large corporation in the communications industry, the process was used for approximately thirty different projects in different settings, including the departments of sales, manufacturing, operations, and staff. An analysis of the team reports from these projects revealed that the diagnostic and design teams were able to develop solutions that resulted in an average net reduction in expenses of 16 percent per year for all of the projects. At the same time, productivity—from the standpoint of both quality and quantity—was maintained.

In the same organization, an examination of the projects using the parallel path versus those without the parallel path revealed an implementation success rate of approximately 30 percent without the parallel path and approximately 75 percent with this component.

These sample analyses are only preliminary; more detailed examinations of the process are currently being conducted. It appears, however, that the process provides one method for doing systematic work to improve organizational effectiveness through participative processes.

OTHER APPLICATIONS

Over time it has become evident that the technology represented in this paper could be used in ways other than the full five-stage process dictates. Specifically, it appears that the process can be entered at any of a number of points (see Figure 5). The diagnosis, for example, could be initiated with the design phase. This alternative approach might be possible in situations in which other diagnostic approaches have been used, and it would be particularly applicable when a new organization is being formed or when existing ones are merging. Some abbreviated diagnostic work could be done to determine the key strategic and work-flow issues, and the design phase could be the first full-scale activity.

Finally, the implementation phase could be used by itself. For example, other processes might be used to develop the design (such as a “top-down” design, a senior-management design, or an outside “expert” design); then the implementation phase would be used as a way of implementing the design in a participative fashion. Similarly, the implementation process could be used to implement other types of major organizational changes (such as the reduction of the work force, implementation of new technology, changes in physical location, and so forth).

These applications are primarily illustrative; others undoubtedly exist. Much work needs to be done to explore the full range of possibilities.

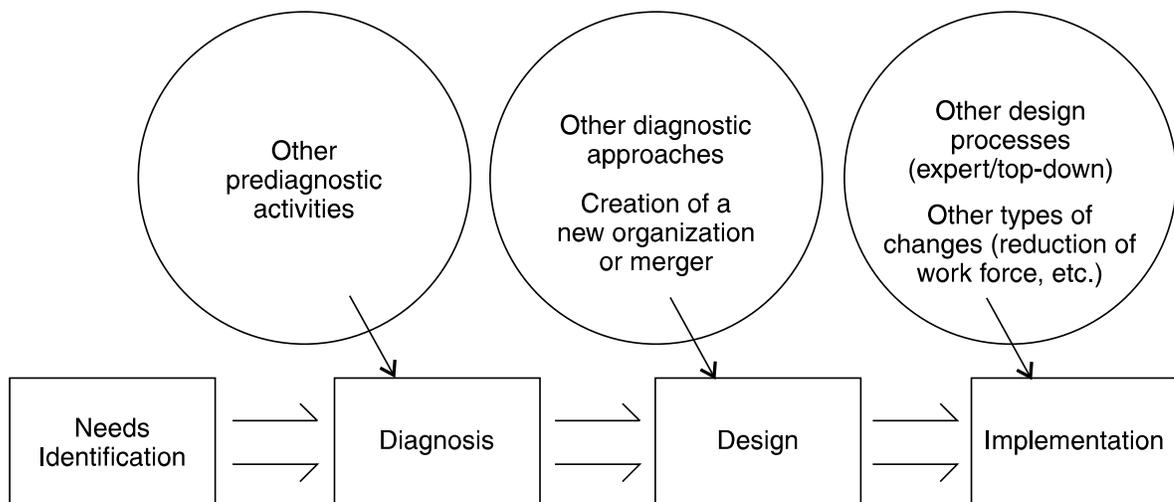


Figure 5. Alternative Applications of the Process

SUMMARY

This paper has presented a systematic approach for improving organizational effectiveness through participative processes. The approach is dependent on a general diagnostic model of organizational behavior and a structured process for the participative application of that model in an organizational setting. At the core of this

process is a structured method of completing diagnosis, organizational and solution design, and the implementation of changes.

Initial experiences with the process are promising. It appears to be a cost-effective way of involving organizational members in the improvement of organizational effectiveness. Clearly, this is not the only way of addressing the improvement of organizational effectiveness, nor is it necessarily the best approach for all situations. Further experimentation and research are needed to determine what types of problems, settings, or work technologies are most amenable to this approach. At this stage, however, it provides some direction and one set of options for the manager who wishes to enhance the effectiveness of his or her organization.

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■ AN ORGANIZATION DEVELOPMENT (OD) PRIMER

Leonard D. Goodstein and Phyllis Cooke

Organizations, like individuals and families, frequently find themselves in need of professional help. Sometimes they need content experts—people who can propose solutions to specific technical problems, such as how to determine an appropriate product mix or how to establish a foreign subsidiary. There are numerous technical experts available to help organizations with such problems.

Often, however, an organizational problem is not easily identified. Symptoms such as low productivity, tardiness, and high employee turnover indicate organizational distress. Organization development (OD) consultants look beyond symptoms in order to gain understanding of the problem(s) reflected in the symptoms. Organization development consultants help the client organization to diagnose and modify the circumstances that have led to the presenting complaints.

DEFINING ORGANIZATION DEVELOPMENT

Organization development is an educational process by which human resources are continuously identified, allocated, and expanded in ways that make these resources more available to the organization and, therefore, improve the organization's problem-solving capabilities. (Sherwood, 1972, p. 153)

Organization development typically:

- is a long-range effort to introduce planned change;
- is based on a diagnosis that is shared by the members of an organization;
- involves the entire organization or a coherent system or part thereof;
- has the goal of increasing organizational effectiveness and enhancing organizational choice and self-renewal;
- utilizes various strategies to intervene into the ongoing activities of the organization in order to facilitate learning and to make choices about alternative ways to proceed.

The most general objective of organization development is to create self-renewing, self-correcting systems of people who learn to organize themselves in a variety of ways

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according to the nature of their tasks and who continue to expand the choices available to members of the organization as it copes with the changing demands of a changing environment.

While organization development typically is characterized as a *result* of planned change efforts, it is important to remember that organizations also develop as a natural consequence of day-to-day interactions. Thus, organization development really refers to both the natural, emergent dynamics and to the change that results from consciously set goals and planned interventions. The task of the OD consultant is to be helpful in the process of establishing desired change and in helping the client system to develop the skills needed to stay on top of the natural forces for change that are inherent in the system and in the environment.

Although OD activities focus on people and groups and the changed relations among them, the target of OD efforts is the organization. The long-term success of any OD effort is dependent on the development of collaborative attitudes and interdependent behaviors within the system, but OD is not simply human relations training. OD efforts are designed to *guide* the human resources within the organization in understanding and managing its growth and direction.

Most OD consultants would prefer to work with healthy organizations, aiming toward fuller actualization or growth of the organization, but finding them is rare. Just as most individuals seeking professional help are experiencing some pain or discomfort, most organizations seeking OD are in some kind of trouble—and are just as willing to terminate the relationship after initial pain reduction, rather than move to increased health. Thus, although much of the OD literature suggests that OD intends to focus on positive growth or development, experience suggests that OD in practice has a more ameliorative quality, focusing on short-term solutions to immediate problems. Most OD consultants would prefer it to be otherwise.

Regardless of whether the focus is on short-term problems or long-term growth, the organization development consultant operates on the assumption that the organization, not the individuals in the organization, is the client. The consultant responds to immediate problems such as low morale, requests for team building, or the need for a performance-appraisal system with a general systems approach. Such an approach guides the OD practitioner or “change agent” in attempting to assess, diagnose, and prescribe for a given system (Burke, 1982).

MODELS OF ORGANIZATION DEVELOPMENT

The behavioral sciences offer a variety of principles and concepts with which we can understand and describe the functioning of organizations. Consultants can use these principles and concepts to evaluate the effectiveness of organizations in reaching their goals and the satisfaction of members of the organization with their lives in that system. These two concerns are primary foci of organization development.

Many conceptual models, primarily based on open-systems theory, depict organizations as systems of interacting elements and identify both the explicit and

implicit structures of organizational life. For example, Weisbord (1976, 1978) views organizations in terms of a “Six-Box Model” in which *leadership* is necessary to ensure that balance is achieved between and among the five other boxes, which include: (a) the *purpose* of the organization, which must be clearly articulated; (b) the *structure* through which the work that is necessary to achieve the organization’s purpose is done (such work must be optimal); (c) the *rewards* for doing the work, which must be appropriate and sufficient; (d) the *helpful mechanisms* needed to adequately coordinate work, which must be available and operating; and (e) the *relationships* among people and groups, which must be managed appropriately to ensure high levels of satisfaction and productivity (see Figure 1).

A more complete model is offered by Jones (1981) in his “Organizational Universe Model.” Typical organizational values, including respect and dignity in the treatment of people, cooperation, functional openness, interdependence, authenticity, and profitability, are placed at the core of a set of concentric circles. The next ring, *goals*, considers how the values are articulated or operationalized. For example, if one of the

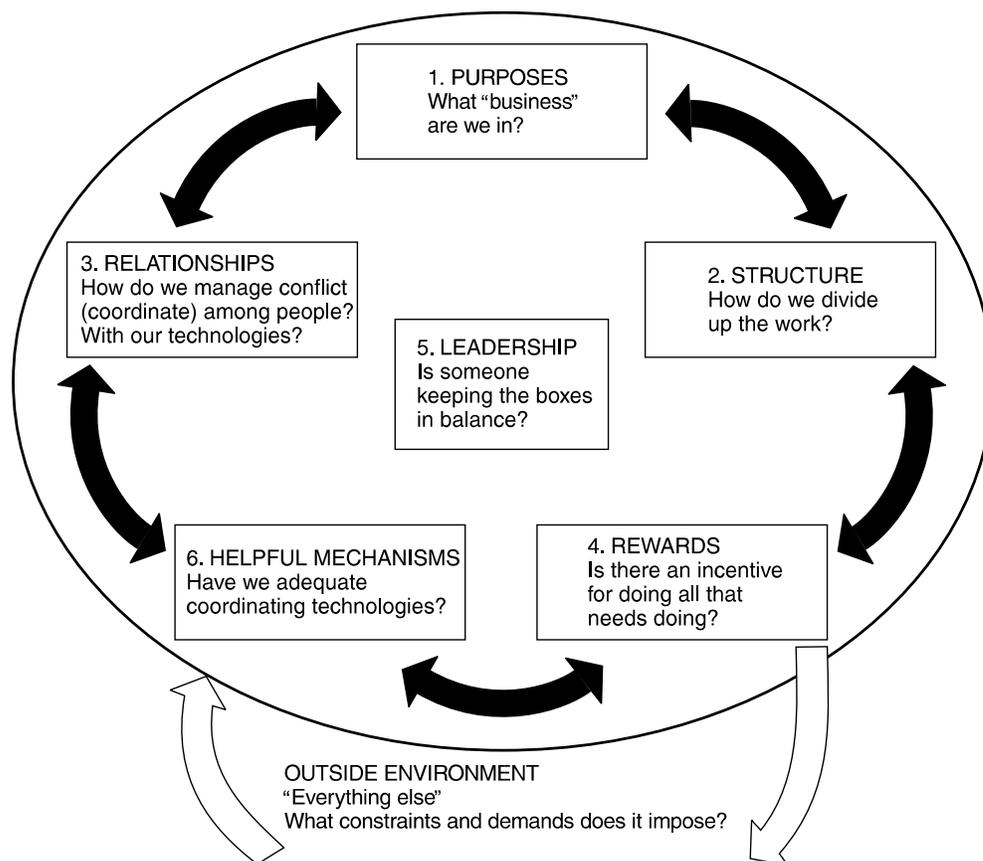


Figure 1. The Six-Box Model¹

¹ From Marvin Weisbord, *Organizational Diagnosis: Six Places to Look for Trouble with or Without a Theory*. *Group & Organization Studies*, 1976, 1(4), 430. Used with permission.

values is respect for people, courtesy in all interpersonal interactions might be the operationalized goal. When people are treated discourteously, it can be assumed either that the value of respect is not authentic or that the relationship between courteous behavior and respect is not clear to members of the organization or not explicit enough to guide their behavior. (See Figure 2.)

The OD consultant must consider not only the organization's purpose and philosophy (values) and its aims (goals) but also how these goals will be implemented (the structure of the organization). Several structural elements must be reviewed by the consultant in order to adequately assess the functioning of an organization. These include the formal organizational chart, the informal social structure of the system (how things *really* work in the organization's informal structure), the degree of overlap between the two, and how well these structures are working.

The functioning of the formal and informal structural systems in a variety of areas should be examined. These include:

1. Accountability—the formal system for evaluating individuals who work in the system as well as the individual latitude exercised and the interpretations made of this dimension of organizational life;
2. Rewards—the tangible and intangible rewards given by the organization for work performed and the impact of these rewards on the quantity and quality of work performed;
3. Reporting relationships—the designated lines of authority along with the demonstrated power to influence the behavior of others in a desired direction;
4. Decision-making procedures—the processes through which problems are identified and solved (who, when, where, in what manner), along with the individual preferences that guide the formal procedures followed;
5. Communication patterns—the formal and informal systems through which organizational information is disseminated and meanings are transferred within the organization; and
6. Norms—the formal and informal rules of conduct, dress, and speech, as well as the observable behavior in these areas.

Organizational climate, the next ring of the model, is a by-product of the interaction of the values guiding the organization, its goals, the structural elements of the system, and the “goodness of fit” between these internal elements and the external environment in which the organization goes about its work. Some organizational climates feel “healthy” and others feel “unhealthy.” These climate indices are primarily symptomatic and offer little understanding of the real causes of problems, even though they may be of concern to the client. Little significant change can occur from addressing climate problems alone; their *causes* are to be found closer to the center of the organizational universe.

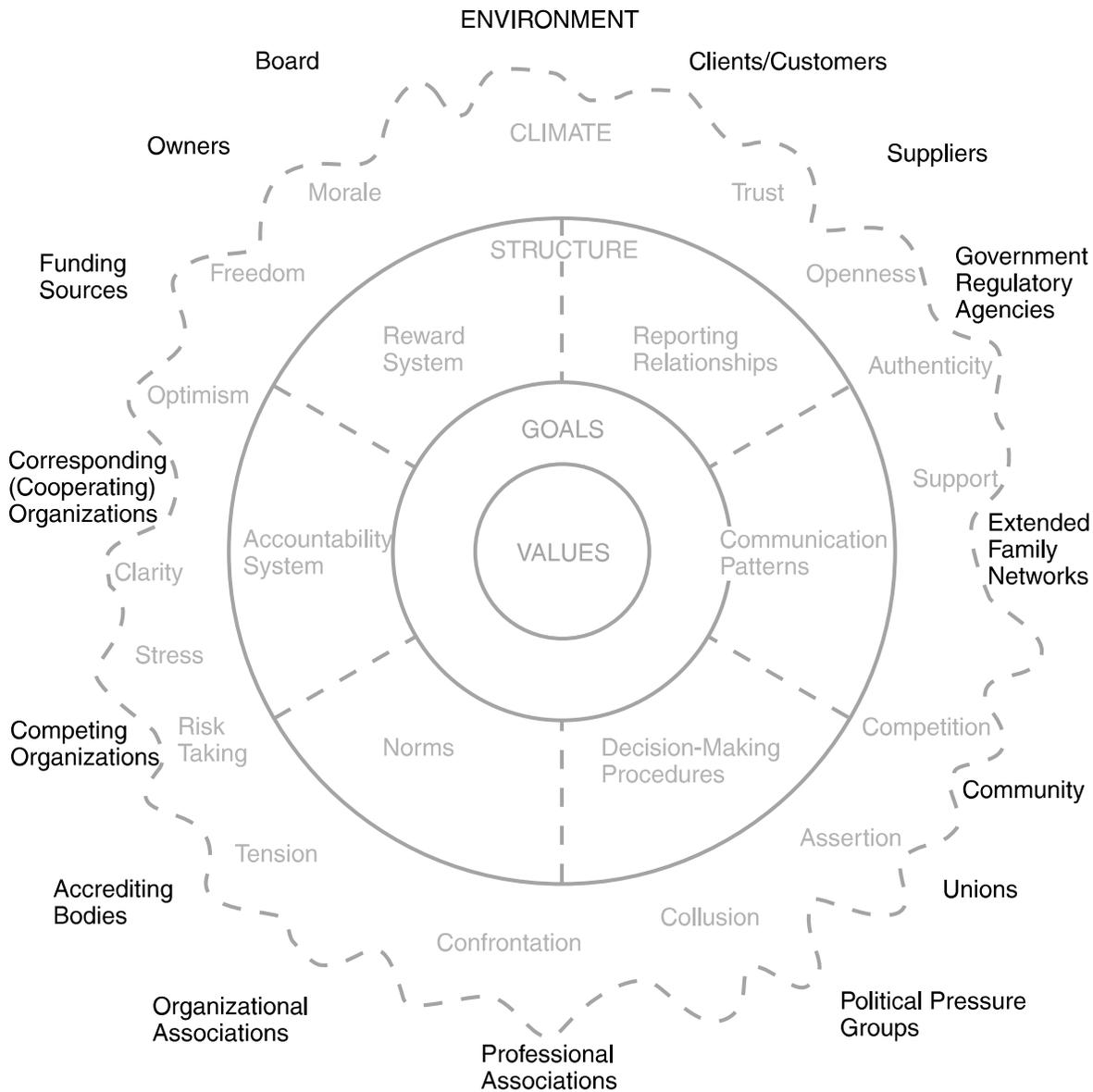


Figure 2. The Organizational Universe Model²

ORGANIZATIONAL ASSESSMENT AND DIAGNOSIS

A valid organizational diagnosis includes a description of the root causes of the organization’s malaise. For example, the organization’s reward structure may not fit its articulated value of achievement and accomplishment, or constant bickering between various groups may be hidden by a norm of smothering conflict. Such analyses—when supported by clear behavioral data—help both the consultant and the client to understand both the cause of the problem and what can be done to remedy the situation.

² From John E. Jones, The Organizational Universe. In J.E. Jones & J.W. Pfeiffer (Eds.), 1981, *The 1981 Annual Handbook for Group Facilitators*. San Diego, CA: Pfeiffer & Company.

Data Collection

Several methods of data collection can be used by the OD consultant. The first is direct observation, including unobtrusive measures. Such observation begins when the consultant enters the waiting room of the client organization. How is the room decorated? How easily is entry gained? What is the attitude of the receptionist to the visitor? How are the offices arranged? The answers to these and similar questions are all data, although much additional observational data will be collected as the consultant moves through other areas of the client system. Additional data will either support or disconfirm the initial impression.

The second way to collect data is to analyze written records such as reports, interoffice memoranda, newsletters, appointment records, attendance at staff meetings, report distribution lists, and so on. Such data provide clues about patterns of communication and influence and the differences between the formal and informal organizational structures.

The most general source of data, however, is the diagnostic interview. Who is interviewed and the content of the interview will be determined largely by the organizational model used by the consultant. The open-systems model, explicit in both the Six-Box and Organizational Universe models, focuses on values, goals, and the supporting structures that articulate these central concerns. These models lead the consultant to examine the social psychology of the organization, how the various subsystems are bound together, and how effectively they operate. Weisbord (1978) has developed a semistructured interview schedule to guide the consultant in applying his or her diagnostic model to actual organizational life.

A final type of data collection utilizes a variety of paper-and-pencil inventories to tap such dimensions as morale, attitudes, and job satisfaction. This category includes well-standardized instruments such as the Survey of Organizations (SOO) (Bowers & Franklin, 1977; Hausser, Pecorella, & Wissler, 1977), a host of semi-standardized instruments such as the Organizational Ideology Scale (Harrison, 1972), and those that are specially created for work with the individual client by the consultant. The pros and cons of using such instruments are virtually the same as those involved in using such instruments with individuals (Pfeiffer, Heslin, & Jones, 1976), including the critical question of how to share the data collected. Survey-guided feedback, one of the strategies of organizational change to be discussed in this article, relies almost entirely on the feedback and analysis of such data with groups of individuals within the organization.

Some consultants prefer to use direct observation and interviews, while others rely more on formal assessment procedures. The model of organizational life used by the consultant and his or her views about organizational health certainly will affect the process of data collection.

STRATEGIES FOR ORGANIZATIONAL CHANGE

Once the client and the consultant agree on the diagnosis of the organization's current difficulties, attention can be paid to remedies. Among the intervention strategies typically used by OD consultants are training, coaching (individualized training), techno-structural changes in the organization, role negotiation, formal (survey) feedback, sensitivity training with organizational members, team building, and process consultation. Although it is beyond the scope of this article to review each of these procedures in detail, a brief description of each is appropriate.

Training—especially training in communication skills, interpersonal relationships, management and supervisory practices, and performance appraisal—can dramatically change the functioning of an organization. This is particularly true if the training programs relate to the basic problems identified in the diagnosis and involve most of the relevant members of the organization. Of course, training programs must have acceptance and impact if they are to be successful.

Coaching involves having the consultant spend a good bit of time with one or more key members of the organization (typically top managers), observing and reviewing their behavior and providing feedback to them about what has been observed. This strategy is particularly useful if the people being coached have been identified as critical elements of the basic problem. For example, if the president of the corporation espouses the value of collaboration but makes snap, independent decisions on a regular basis, the consultant would identify this behavior when it occurs and offer feedback on the discrepancy. Such confrontation is expected to lead to change, just as it does in counseling or therapy.

Technostructural interventions attempt to simultaneously change the way in which work is accomplished (the technology of work) and who does the work (the structure of the organization). To attempt to do either separately is to deny the close, natural interdependence of these two aspects of work. For example, in a typical production facility, quality control is functionally separate from the production line, which creates an adversary relationship between the two units. The management of quality standards is not a production responsibility, but is assigned to others. One strategy often adopted by the production staff is to find ways to *hide* production defects from the quality-control staff, rather than to correct the cause of the defects. One possible resolution of the problem is to reorganize the production system so that a single, integrated system is responsible for production, including quality control. But such a change in the technology of production all too often fails because the change neglects structural issues, particularly the issues of territory, status, and interprofessional disputes. Only when both the structural and technological issues are addressed simultaneously can *effective* organizational change occur.

In technostructural change, *role negotiation* is a critical substrategy. The consultant attempts to help the various people to determine what they agree to do on the job and what they are willing to agree to allow others to do. The overlaps and the gaps then can

be identified and treated as problems to be solved rather than as dust to be swept under the rug.

Formal (survey) feedback involves collecting responses to questionnaires from all members of the organization, collating the data from the responses, and making the data available to the organization. Such data make the members' concerns explicit; this forces the organization to acknowledge the issues raised. The major problem, of course, is for the consultant to help the organization—particularly the work groups—to analyze the data, accept the validity or lack thereof, and plan action steps to remedy the problems identified.

Team building, and sensitivity training as one vehicle for doing team building, involve a simultaneous examination of the attitudes and skills of a work group (team) needed for the accomplishment of a task and the amount of cohesion and involvement of the members of the team (Goodstein, Cooke, & Goodstein, 1983). Teams have tasks to accomplish and they need both to be committed to their tasks and to have the skills needed to accomplish their work. Skills such as agenda building, identifying and utilizing resources, and decision making too often are taken for granted in the creation of work teams and the assignment of tasks. Members of work teams also will differ in their *attitudes* about group work and in their *skills* in working in groups. In team building, the consultant must assess the attitudes and skills of the various team members for both the task and maintenance functions and then assist the members to clarify their attitudes and acquire the necessary skills.

In *sensitivity training*, an unstructured group setting, the members of the work group are encouraged to explore their interpersonal relationships, especially those that have interfered with effective collaboration. The clinical skills of the consultant in such an intervention need to be exceptionally high. Issues raised in work-group sensitivity training do not “go away” when the session is over.

The unique OD consultation intervention, however, is *process consultation* (Burke & Goodstein, 1980). The term process consultation was first introduced by Schein (1969). Process consultation involves the examination of *how* things are done in an organization rather than *what* is done; the process consultant examines the patterns of communication, how such patterns were developed, what the patterns show about the distribution of power, and how these differ from the espoused values and goals of the organization.

The OD consultant uses process-consultation techniques in conjunction with other techniques. For example, while observing a staff meeting or helping a group try to understand its survey data, the consultant might ask why no one ever seems to respond directly to questions asked by a particular member or might inquire why certain issues always seem to be so low on the agenda that they are never addressed. In this way, the consultant attempts to expose the questions concerning values and goals that have previously been identified as core problems. The role of the consultant here is to be counternormative.

THE ROLE OF THE OD CONSULTANT

Because the field of OD is still relatively undefined, atheoretical, and new at applying the behavioral sciences, there are few constraints on the individual OD consultant. Checklists for monitoring one's own interventions can be developed. Once the consultant develops a clear understanding of his or her own values, models, preferred modes of organizational functioning, expectations about how people in organizations should interact, and so on, it becomes easier to ask value-based questions of the client. These questions include: What is an organization? What purpose(s) should organizations serve? For whom? How should organizations balance their needs with the individual needs of their members? How does one understand the process of change on an organizational level? On a societal level? Because the personal answers by the consultant to these questions guide all phases of his or her work, clarity and commitment to one's answers are key aspects of OD consulting. And, because there are no easy or widely accepted answers, formulating one's own answers is a slow, developmental process.

Because the client system must generate the data necessary for a diagnosis and also accept the consultant's diagnosis based on those data, the typical clinical model of expertise and distance rarely works. Even more importantly, the client system must accept full responsibility for implementing the changes necessary to reach its desired state. Organization development cannot occur if the organization does not undertake the task of improving its own functioning. Thus, the most functional relationship between consultant and client is one of collaboration and support, in which the responsibility for both accepting and implementing any change is the client's. Consultants cannot prescribe new behaviors to their clients and be certain that the client will accept and implement the prescriptions. Only when the client "buys" the diagnosis and prescription is there hope of change.

Despite the widely held view that a collaborative style works best, many consultants take a more directive style. This is typically a top-down approach in which what is to be done, to what standard, by whom, when, and in what manner is decided by the consultant. Although many consultants who operate from an "expert" orientation utilize this directive style, they are not necessarily the same. For example, a consultant operating from an expert orientation might still use a consultative approach in which the final decision rests with the client. His or her role would be to offer the client the best judgment about the potential consequences of various courses of action, but leave the choice to the client. Furthermore, it would be expected that the client system would use its human resources to make the decision; such decisions are most likely to produce commitment from those involved in them.

Still another style is the facilitative one, in which all decision-making authority is turned back to the client system and the consultant avoids even the expert orientation. The consultant's focus is on identifying the key linking pins of the client system. Whatever information is necessary to make the decision can be found by those persons. The primary role of the consultant is to facilitate communication between the

functioning units within the system. The efficacy of this approach is determined by the readiness of the system to participate in the change effort and the problem-solving skills of the members. Obviously, this facilitative style is most useful when the energy of the organization for change is high and the skills of organizational members are well developed. Steptis (1977) provides a fuller discussion of these several consulting styles.

Internal and External Consultants

There are two major ways in which OD consultants work: as internal consultants—full-time regular employees of the organization to which they provide help—and external consultants—outside specialists who provide help on an irregular basis, either per diem or on retainer. One fascinating aspect of OD consultation lies in the unique relationship that exists between internal and external change agents who collaborate to bring about an OD effort. Internal consultants, who are sometimes called trainers, personnel administrators, employee-relations specialists, or program analysts, have a different and fuller understanding of the organization. They know levels of nuance and shades of meaning that no outsider can comprehend. On the other hand, the external consultant brings a fresh approach, a naivete about organizational issues that enables him or her to ask questions that would not occur to the internal consultant.

The external consultant also should be more willing to take risks, to ask embarrassing questions, or to point out collusion. The risk of losing a consultancy is qualitatively and quantitatively different from the risk of losing one's job. The courage inherent in being "outside" the system stems from both lack of awareness of specific risks and willingness to accept risks in general. The subtle chemistry of cooperation between insider and outsider makes such relationships uniquely profitable for the organization.

In any event, the ultimate goal of the external consultant is to work himself or herself out of a job. As the internal resources of the client system—including the internal change agents—develop necessary skills, including the perspective brought by the external consultant, to set and achieve organizational goals, the reliance and dependence on external resources must be diminished.

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■ ORGANIZATIONAL USE OF THE BEHAVIORAL SCIENCES: THE IMPROBABLE TASK

Warren Bennis

Few people would argue with the statement that we are living in the most satisfying and most unsettling period in the history of the human species. We must question whether what we know today will be valid tomorrow. The nonutilization of knowledge and the lack of communication among different groups in our society become less tolerable as we find ourselves unable to rely on tradition and more dependent on knowledge and adaptability. Individuals with important contributions must be aware of the ways in which they can make their contributions useful for society.

Nowhere is the gap between knowledge and implementation more glaring than in the behavioral sciences. The literature indicates reliable and significant applications for social policy, yet theories proliferate while actual practice lags behind.

Kurt Lewin was preoccupied with the link between theory and practice, the abstract and the concrete. He wrote: "The research worker can achieve this only if, as a result of a constant intense tension, he can keep both theory and reality fully within his field of vision" (1948). Alfred North Whitehead also commented on the problem: "In this modern world, the celibacy of the medieval learned class has been replaced by a celibacy of the intellect which is divorced from the concrete contemplation of complete facts" (1947).

This complex problem of how to translate knowledge into action generally seems to be avoided or dismissed as a mystery. This article will attempt to answer three questions concerning the usability of knowledge. Question one, "What's so?," will deal with applying knowledge to organizations. Question two is "So what?" Two short, state-of-the-art cases on the uses of knowledge to improve organizational behavior will lead to a better understanding of the implications of current practice. Finally, the answer to the third question, "Now what?," will be an attempt to advance a theory of practice.

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WHAT'S SO?

Knowledge Utilization

Lester F. Ward was one of the earliest social scientists in the U.S. to proclaim that “modern men” must extend scientific approaches to the planning of changes in the patterns of their behaviors and relationships. Aware that we were utilizing our intelligence to induce changes in the nonhuman environment, he foresaw a major role for the emerging social sciences in extending a similar planning approach to the management of human affairs:

Man’s destiny is in his own hands. Any law that he can comprehend he can control. He cannot increase or diminish the powers of nature, but he can direct them He can make it his servant and appropriate to his own use all the mighty forces of the universe *Human institutions are not exempt from this all-pervading spirit of improvement.* (Commager, 1950)¹

Ward’s proclamation seemed foolish if not sacrilegious to many of his contemporaries. William Graham Sumner, a sociologist, emphasized both the folly and sacrilege of prophecies such as Ward’s:

If we can acquire a science of society based on observation of phenomena and study of forces, we may hope to gain some ground slowly toward the elimination of old errors and the re-establishment of a sound and natural social order. Whatever we gain that way will be by growth, never in the world by any reconstruction of society on the plan of some enthusiastic social architect. The latter is only repeating the old error again, and postponing all our chances of real improvement. Society needs first of all to be free from these meddlers—that is, to be let alone. Here we are, then, once more back at the old doctrine, *laissez-faire* Mind your own business. It is nothing but the doctrine of liberty. (Commager, 1950)²

Today, *laissez-faire* has been widely abandoned as a principle of social management, and human interventions designed to shape and modify the institutionalized behaviors of people are commonplace. Helping professions have proliferated, and organization development is as firmly established as social work. The reason for these professions is to induce changes in the future behaviors and relationships of their various client populations. This is most apparent in the newer professions such as psychiatry, social work, nursing, counseling, management, and consultation. But older professions such as medicine, law, teaching, and the clergy also have been pressed to become agencies of social change rather than of social conservation.

Behavioral scientists have been drawn into consultation, training, and applied research. Helping professionals, managers, and policy makers in various fields increasingly seek the services of behavioral scientists to anticipate more accurately the consequences of change and to plan to control these consequences. But attempts to

¹ From *The American Mind* by Henry S. Commager. New Haven, CT: Yale University Press, 1950. Reprinted by permission of Yale University Press.

² From *The American Mind* by Henry S. Commager. New Haven, CT: Yale University Press, 1950. Reprinted by permission of Yale University Press.

apply knowledge in planning and controlling organizational change tend to be fragmented by change agents in specialized and largely noncommunicating professions and hampered by lack of collaboration among policy makers and action planners in various institutional settings.

One can observe a split even within applied behavioral science; some view the application of organizational sciences as either meaningless or as coercion. David Bakan, for example, views the historical relations between the social sciences and the military as encouraging a “positivistic science, on the one hand, and a hierarchy-obedience-force military orientation, on the other” that “keeps [the social sciences] from properly serving in the solution of political, social, and economic problems, thus exacerbating the world crisis and increasing the likelihood of war” (1982).

On the other side of the dichotomy are McKelvey and Aldrich (1983)³, who write:

Organizational science . . . is much less visible on the applied front. The National Academy of Sciences, a body formed to offer advice to the Federal government, does not include organizational scientists. No Presidents’ council of organizational scientists exists, and organizational scientists do not frequent the halls of Congress. At UCLA, 100 teams of MBA students act as consultants to Los Angeles organizations each year and find numerous opportunities to apply their knowledge of their accounting and finance, marketing, industrial and labor relations, and operations research, but almost never find ways to apply ideas or findings from organizational science.

Kenneth D. Benne (1976) clarifies and elaborates this ambivalence. His typology dichotomizes the cognitive worlds of behavioral scientists and of social practitioners and action leaders (See Table 1). He argues that effective collaboration requires recognition and affirmation of epistemological differences on both sides of the social divide, not denial of differences on the ground that both are of good will or polarization as “theoretical” and “practical” approaches.

Over the past two decades, a substantial literature has demonstrated that these cognitive polarities can be transcended and has included examples of successful utilization of knowledge of organizational behavior. Although the literature is abundant, the findings are inconclusive. Beyer and Trice (1982) argue that one of the problems is that the literature is innocent of convincing empirical data. “In the hundreds of sources we pursued, we did not find a single thorough review of the empirical literature on utilization.” They point out that, for the most part, the literature on knowledge utilization has focused on the deficiencies of research, but they believe that organizational processes that facilitate or deflect the utilization of organizational knowledge and point out most of the variables connected with effective utilization. They fall short in ignoring two other fundamentals: the quality/characteristics of the the problem stems primarily from characteristics of organizations. They focus on the research and the nature of the relationship between researcher and client system. Glaser and Davis (1976), have prepared a table that summarizes four of the most widely used models (see Table 2).

³ Reprinted from “Population, Natural Selection, and Applied Organizational Science,” by Bill McKelvey and Howard E. Aldrich published in *Administrative Science Quarterly*, 1983, 28, by permission of *Administrative Science Quarterly*.

Table 1. From K.D. Benne, 1976⁴

<p>The Cognitive World of Behavioral Scientists</p>	<p>The Cognitive World of Social Practitioners and Action Leaders</p>
<p>1. People and human systems are not of interest as particular cases but as instances to confirm or disconfirm generalizations about people and human systems. Knowledge is organized around verbally (and/or mathematically) articulated generalizations.</p> <p>2. The occasion for inquiry is some gap or discrepancy in a theory or conceptual scheme. "Success" in inquiry is measured by attainment of more warrantable statements of variable relationships that fill the gap and/or obviate the discrepancy.</p> <p>3. Scientists try in the course of their research to reduce or eliminate the influence of extraneous values (other than "truth" value) from the processes of collecting data and determining and stating the meaning of the data within the research context. Knowledge is relatively independent of the uses to which it may be put.</p> <p>4. Scientists set up their research to reduce the number of variables at work in the situations they study, by controlling the effect of other variables. Experimental results take the form of statements about the relationships of abstracted and quantified variables.</p> <p>5. Time, in the form of pressing decisions, does not influence their judgments and choices directly. They can reserve judgment, waiting for the accumulated weight of evidence. A longer time perspective operates in their judgments of what needs to be done now and later. Their statements of what they know are more qualified, less impregnated with their own hunches and insights as to what incomplete evidence means for purposes of action.</p>	<p>1. People and human systems are clients or constituents. The concern is with particular cases, situations, and practical difficulties in order to help, improve, or change these. Knowledge is organized around kinds of cases, situations, and difficulties and effective ways of diagnosing and handling them.</p> <p>2. The occasion for inquiry is some difficulty in practice, some discrepancy between intended results and the observed consequences of actions or excessive psychic and/or financial costs of established ways of working. "Success" in inquiry is measured by attainment of ways of making and/or doing that are more effective in fitting means to ends and/or in reducing costs of operation.</p> <p>3. Practitioners and action leaders try to find and interpret data that enable them to serve the values to which they are committed: productivity, health, learning (growth), and—in more political contexts—the power, freedom, and welfare of their clients or constituents. Knowledge is consciously related to specific uses.</p> <p>4. Practitioners and action leaders work in field settings where multiple and interacting variables are at work. Their understanding of situations tends to be holistic and qualitative, though they may use quantitative methods in arriving at their "estimate of the situation." They do not attend to all the variables involved in the full understanding of a situation but rather to variables that are thought to be influential and accessible to their manipulation in handling the situation in the service of their chosen values.</p> <p>5. Time presses practitioners to decide and act; judgments cannot wait. They must judge in order to meet deadlines, whether the evidential basis for judgment is "complete" or not. They must depend on their own hunches and insights in attributing meaning to incomplete or contradictory evidence, so their knowledge is impregnated with these hunches and values. It is more personal, more dependent on their ability to read a situation than the more impersonal knowledge that the scientist professes and communicates.</p>

⁴ From K.D. Benne, "Educational Field Experience as the Negotiation of Different Cognitive Worlds." In W. Bennis, K.D. Benne, R. Chin & K. Corey, *The Planning of Change* (3rd ed.). New York: Holt, Rinehart and Winston, 1976. Used by permission of Holt, Rinehart and Winston (CBS).

The other three elements in knowledge utilization that require formal elaboration are: (a) practitioner/researcher (or change agent/client) relationships; (b) resistances to change; and (c) stages/phases of organizational knowledge utilization.

Producer/User, Researcher/Practitioner, Change Agent/Client Relationships

Mohrman, Cummings, and Lawler (1982) argue that “useful information cannot be produced *for* organizations, but must be generated *with* them If organizational research is to be useful, researchers and organizational members must become partners in the research effort. Such research should be action oriented, jointly controlled, and involve relevant stakeholders from both researcher and user committees. Attention must be directed at the transactional contexts of the research.” That about sums it up.

The principle of *with*, not *for* can be summarized with the following “rules”:

1. The research focus must reflect the interests/ concerns of the client system.
2. The practitioners should be involved in all phases of research.
3. The research team should include members of the client system—the more influential (within the client system), the better.
4. Frequent and honest communication between researchers and practitioners reduces the likelihood of resistance.
5. Early and continuous clarification of expectations between researchers and practitioners must be engaged in.
6. The consultant should be able to withdraw from the relationship, if necessary, to permit independence.
7. Provision should be made for evaluation.

These requirements are easier said than done. The outcome of any successful knowledge utilization activity appears to hinge on that—on how well the giver and receiver of help understand and participate in that relationship. Over twenty years ago, for the first edition of *The Planning of Change*, I wrote:

A number of features distinguish the “deliberate and collaborative relationship”: (a) a joint effort that involves mutual determination of goals; (b) a “spirit of inquiry”—a reliance on determinations based on data publicly shared; (c) an existential relationship growing out of the “here-and-now” situation; (d) a voluntary relationship between change-agent and client with either party free to terminate the relationship after joint consultation; (e) a power distribution in which the client and change-agent have equal or almost equal opportunities to influence the other; and (f) an emphasis on methodological rather than content learnings. (Bennis, Benne, & Chin, 1984)

The basis for this emphasis on collaboration, which virtually every scholar/writer/practitioner has since extolled, was not only the important ethical considerations but, more important, the pragmatic considerations. The only way to get any client to adopt new knowledge is by providing enough positive support so that the opposing forces in the client’s situation can be re-equilibrated on a new and desirable level. This means

Table 2. Factors Influencing the Likelihood of Adoption or Adaption of a Seemingly Promising Innovation by an Organization: Integrated Findings⁵

H. Davis (8 Factors)	E.M. Glaser (20 Factors)	G. Zaltman et al. (Condensation of 19 Factors)	R. Havelock et al. (10 Factors)
Ability to carry out the change	Capability and resources	Financial and social costs	Structuring Capacity
Values or self-expectancy	Compatibility	Compatibility Publicness vs. privateness Impact on interpersonal relations	Homophily Empathy
Idea or information about the qualities of the innovation	Credibility Ease in understanding and installation Observability Triability Divisibility Reversibility	Communicability Divisibility Reversibility Complexity of concept or implementation Susceptibility to successive modifications Scientific status Point of origin Terminality	Openness
Circumstances that prevail at the time	Willingness to entertain challenge A climate of trust Structural reorganization		Proximity
Timing or readiness for consideration of the idea	Sensitivity to context factors Early involvement of potential users Suitable timing		Linkage Synergy
Obligation, or felt need to deal with a particular problem	Relevance Widespread felt need to correct undesirable conditions Shared interest in solving recognized problems	Degree of commitment	Energy
Resistance or inhibiting factors	Skill in working through resistances	Risk or uncertainty of various kinds Number of gatekeepers or approval channels	
Yield, or perceived prospect of payoff for adoption	Relative advantage An incentive system	Efficiency of innovation Perceived relative advantage Gateway to other innovations	Reward

⁵ From E.M. Glaser & H.R. Davis (Eds.), *Putting Knowledge to Use: A Distillation of the Literature Regarding Knowledge Transfer and Change*. Los Angeles: Human Interaction Research Institute and National Institute of Mental Health, 1976. Used by permission of the author and Human Interaction Research Institute.

making the client (as well as the change agent) aware of the relevant data necessary to diagnose the situation. The source of much of these data is in the client system itself, if the client can make it publicly available. Without *trust*, generated in and by collaboration, the change agent and client must work with limited and occasionally distorted data.

The process of developing a collaborative relationship between client and change agent can provide a crucible for understanding the problems the client faces in his or her or its work and life environments. Thus, the collaborative relationship can provide a cognitive support as well as a basis for examples of other possible problems.

In reality, it is difficult to find a purely collaborative relationship; the best to be hoped for is a commitment to work toward it. Nevertheless, collaboration is a necessary condition of the successful use of organizational behavior knowledge—not only because it generates the necessary trust and facilitates the collection and interpretation of data but also because the positive aspects of the relationship are necessary in order to overcome many of the fears of and resistance to change in the client system.

Perhaps the best summary of factors that affect resistance was compiled by Zaltman, Duncan, and Holbek (1973)⁶ :

1. Among the possible determinants of resistance are: (a) the need for stability, (b) the use of foreign jargon, (c) impact on existing social relationships, (d) personal threat, (e) local pride, (f) felt needs, and (g) economic factors.
2. Structural factors affecting resistance include: (a) stratification, (b) division of labor, and (c) hierarchical and status differentials.
3. Individual resistance factors include: (a) perception, (b) motivation, (c) attitude, (d) legitimization, (e) accompaniments of trial, (f) results of evaluation, (g) actual adoption or rejection, and (h) manner of dissonance resolution.

It is important to remember that most people and client systems are in a “quasi-stationary equilibrium” with some forces driving them toward change and others resisting. To reduce the resistance creates forward movement with less tension than if an effort is made only to override. However, one must not overlook the importance of the social role of the defenders who try to preserve the valuable elements of the old in the face of a tumult of change (Klein, 1966).

SO WHAT?

The examination of two case studies may help to clarify much that has been written about the application of knowledge in organizational settings.

⁶ From C. Zaltman, R. Duncan, & J. Holbek. *Innovations and Organizations*. New York: John Wiley, 1973. Copyright © 1973, John Wiley & Sons, Inc. Reprinted by permission of John Wiley & Sons, Inc.

Project Camelot

A spectacular case of failure is Project Camelot, an action-research study, as described by its task title, of “methods for predicting social change and internal war potential.” Camelot was to take three to four years and to cost approximately six million dollars. The research areas were those in which there was considered to exist a high potential for internal revolution: the starting point was Latin America, and proposed future research areas included several countries in Europe, Asia, and Africa. In the first of four phases, it was proposed to examine existing data on internal war, and it was during this period that the project was interrupted.

The beginning of the end occurred when an invitation to many social scientists to a four-week planning conference stated the objectives of the study and the identity of its sponsor, the U.S. Army.

One of the recipients was a Norwegian sociologist teaching in Chile at UNESCO’s Latin American Faculty of Social Science, whose area of research is conflict and conflict resolution in developing countries. “He could not accept the role of the U.S. Army as a sponsoring agent in a study of counterinsurgency. He could not accept the notion of the Army as an agency of national development; he saw the Army as not managing conflict but even promoting conflict” (Bennis, 1970, p. 2).

In April, 1965, an assistant professor of anthropology at the University of Pittsburgh made a trip to Chile on other academic business. He offered to speak to his friends in the Chilean academic community about Camelot, and the Camelot authorities accepted the offer. Although Chile was not intended to be one of the countries in which research would be done, it was hoped that Chilean social scientists would participate. He met with the vice-chancellor of the University of Chile and discussed the study without identifying the sponsor or which social scientists were involved. At a second meeting, confronted with a copy of the invitation, he stated that he knew nothing of the sponsorship and that he had been misinformed and would protest to Washington. The issue soon became known to the Chilean press and members of the Chilean Senate. The time was dramatically inopportune; it was shortly after the United States’ intervention in the Dominican Republic.

Some American sources report a different course of events: the professor was neither given the opportunity to explain who the sponsor was nor to discuss the study. According to Camelot authorities, the “brouhaha” was from Communist-inspired attempts to make “a mountain out of a molehill.” Whatever the cause, the effect was that, throughout Latin America, people of all political opinions were aroused.

The U.S. Congress also questioned the disparity that gave the Defense Department much greater funding for research than the State Department had. State expressed concern that this kind of research might have a damaging effect on foreign affairs. The State Department was accused in some circles of deliberately leaking the crisis to the press to emphasize the question of appropriate sponsorship by the military of foreign affairs and social science research.

Academicians, concerned for the future of social science research, protested censorship and questioned the ability of the State Department to evaluate research.

The Exxon Effort

What appears to be an OD success story started at the Baton Rouge refinery of Esso (now Exxon), when some key management personnel suggested that “sensitivity training”—experience-based learning—could help to open up communication and develop trust within the organization (Rush, 1973).

In 1956, the company asked behavioral scientists about the action-research method of using sensitivity training for managers. At that time, sensitivity training (“T-groups,” “laboratory training,” or “encounter groups”) was a relatively new development in the business community. A highly placed and influential corporate executive had been through a “lab” and was receptive to the idea for management development. He specified that participation in the training should be the option of each operating plant’s management, in keeping with Exxon’s decentralization policy. After some key executives from several plants had gone through the basic, two-week sessions, they returned enthusiastic about the potential that this kind of training held for what Exxon then called “organizational improvement.”

Management at the Baton Rouge refinery decided that sensitivity training was just what was needed to help the organization cope with operational changes then taking place. Automation, union-management problems, staffing practices, and personnel reductions were causing major problems. Underlying these problems was a fundamental problem: how to maintain a competitive cost position. If the refinery were to retain its profitability, so management figured, it would have to make changes with as little upheaval as possible.

Beginning in 1957 and continuing into the early Sixties, the refinery had over seven hundred supervisors, managers, and scientists participate in what became known as a “classic, fourteen-day sensitivity-training lab.” Exxon had decided to use outside, university-based “trainers,” on the premise that it would be far more expensive, not as relevant, and too time consuming if all the managers were shipped out to attend. These training sessions for teams of managers may have been the first examples of “in-house” laboratory training for management. The company was more than satisfied with the results.

Despite that apparent success, sensitivity training began to fade in the early Sixties because management believed that, while it was extremely effective and had high value for the individual manager, it was not designed to accomplish work-related objectives.

It then turned to the Managerial Grid as its main source of OD. The introduction of the Grid at the Baytown, Texas, refinery was an action-research project with normative values: “to validate the concepts and the hypotheses of quantifiable changes in the culture of a functioning organization with multiple internal and external influences (as contrasted with a pure laboratory environment)” (Rush, 1973, p. 61). As such, the

project was followed and measured throughout (Blake, Mouton, Barnes, & Breiner, 1964).

About eight hundred managers at all levels participated in the Grid OD experiment. An evaluation study indicated that the organization changed in the direction posited by Grid theory. Exxon continued to use the Managerial Grid, and the program was extended to six hundred unionized workers, one of the first times that this kind of training fell below middle management. After around 1966, no more formal OD activities were employed; according to Rush, group process training is still used but “only on a selective basis . . . or in special circumstances” (Rush, 1973, p. 61). An internal change agent at Exxon told Rush:

We were convinced that Grid was appropriate for the Baytown culture at that time, but since we have found we are able effectively to use other techniques of organization improvement, such as rational methods of problem solving and goal setting in a modified managing-by-objectives program. (Rush, 1975, p. 61)

The causes of failure in the Camelot project and the relative success of the Exxon project were identical: sponsorship, clearance, communication, and collaboration.

The Camelot project was sponsored by the American government, indicating an acutely one-sided, pragmatic purpose. Almost all Latin American countries mentioned the *sponsorship* as cause for doubting the credibility of the approach. The Exxon program was sponsored by top management, and the decision to pursue OD was made at local plants with local options. When the union was involved in Baytown, it, too, was consulted and maintained “joint ownership” of the program with management.

The proposed host countries of Camelot apparently did not *understand* the project or its intent. Although statements were made that these parties had been adequately informed, there was great emphasis that *henceforth* no such research would be done in a foreign country without the country’s prior knowledge and consent.

The failure to go to the top for *commitment*, as well as to gain the cooperation, *clearance*, opinions, and advice of all parties relevant to the research effort, both subjects and clients, betrays a prevalent naivete. However, the behavioral scientists at Exxon were no better prepared and certainly no better trained than the Camelot social scientists. The latter failed to develop a *collaborative relationship*—the sharing and exchanging of ideas and opinions at all stages of research. Such lack of collaboration is always a disadvantage in a scientific undertaking and can be fatal in research designed to explore sensitive areas or areas in which the researchers hope to influence their subjects.

Those behavioral scientists at Exxon used *sponsorship*, *clearance*, *communication*, and *collaboration* in such a manner that the client system internalized (institutionalized) the capacity to make deliberate choices of its own about future training needs and also developed the internal staff to implement them.

The normative goal of OD—using OD as the exemplar of “knowledge utilization in organizations”—is to “humanize” bureaucracy. But values (or normative goals) are not the most important consideration. There is a pragmatic issue at stake as well, for as

organizations grow, as they increase their complexity and scope, the problems of leadership, coordination, collaboration, and communication force themselves on our attention. Most knowledge utilization efforts have to do with maintaining the virtues of bureaucracy—its speed, precision, predictability, and efficiency—while trying to preserve an adaptability to change and a climate of creativity, personal growth, and satisfaction for the work force.

Organizations today operate under uncertain and ill-defined conditions. Institutions also are becoming the focus for a new kind of politics: mobilizing public opinion; working closely with external (especially state, local, and Federal agencies and legislatures) influences; and shifting constituencies. “Managing external relations” no longer can be left exclusively in the hands of the public affairs department. Top leadership and OD practitioners must be involved. These changing characteristics of the organizational environment will become even more pronounced in the years ahead.

NOW WHAT?

OD practitioners cannot dispense their knowledge without human contact; they must be deeply involved with their clients. Neutrality is impossible when profound human changes are at stake. The classical realm of science is at odds with the messy, unwieldy, deeply human findings of the social sciences. In the “pure” sciences, one can “do” science on subjects. In applied behavioral science, one cannot; the subjects must become co-investigators if the research is to have any meaning.

The second factor exacerbating the situation is the strong idealism that most change agents bring to their tasks. Role ambivalence is deepened because there are essentially two strategies for truth gathering. One is the *esoteric* mode—esoteric meaning “knowledge generated for the public interest”—and the other is *esoteric* knowledge—produced for “one’s learned colleagues.” Esoteric knowledge springs from direct experience of immediate, intimate relationship to the sources of data; esoteric knowledge is consciously more detached, socially disengaged, and remote. Most change agents and OD practitioners are trained esoterically and have to practice esoterically. This is the major source of ambivalence that must be reckoned with, if not resolved.

Recommendations for Knowledge Research

The social sciences will provide no easy solutions in the near future, but they are our best hope, in the long run, for understanding our problems in depth and for providing new means of lessening tensions and improving our common life. (National Academy of Sciences, 1969, p. 17)⁷

There is a fable, carefully nurtured over the centuries by . . . those who see basic (science) as pure, about the relation between the scientist who acquires information and the problem solver who applies that information . . . that scientists acquire the knowledge, that this knowledge goes into the public domain, and that when a problem solver needs some knowledge to solve his problem, he extracts it from the public domain, uttering words of gratitude as he does so . . . Knowledge

⁷ From *The Behavioral Sciences and the Federal Government*. Washington, DC: National Academy of Sciences, 1969.

needed by the problem solver occurs in some mysterious fashion . . . so effective that no tampering must be allowed The less contact the scientist has with the problems of the problem solver, the more apt he will be to fill the public domain with knowledge of ultimately greatest import to the problem solver. This is the fable, but like all fables, it is a myth. It does not work that way at all. (Garner, 1972)⁸

The preceding quotations bespeak another myth: that, just as the natural sciences lead to technology that will make us all healthier and wealthier, so the social sciences, if applied, can solve our social problems. The intellectual task of developing a valid framework for an applied social (or behavioral) science is only beginning, but the following can serve as guidelines to what can be called *valid* knowledge:

1. An interdisciplinary applied social science that takes into consideration the behavior (including attitudes, feelings, and values) of people operating within their specific institutional environments.
2. An applied social science capable of accounting for the interrelated levels (person or self, role, group, and macrosystem) within the social-change context.
3. An applied social science that in specific situations can select from among variables those most appropriate to a specific local situation in terms of its values, ethics, and moralities.
4. An applied social science that is pluralistically “real,” accepting the premise that groups and organizations as units are as amenable to empirical and analytical treatment as the individual.
5. An applied social science that can take into account “external” social processes of change as well as the interpersonal aspects of the collaborative process.
6. An applied social science that includes propositions susceptible to empirical test, focusing on the dynamics of change.

One must also consider some of the strategies of truth gathering for an applied social science—some methodological considerations. In order to develop usable knowledge, the following values (biases) should be taken into account in all action-research undertakings:

1. Research is a collaborative undertaking and can be enhanced by including members of the client system in the team effort.
2. The image of organization stems from a preference for observing process and change rather than order and continuity. It should not be disconcerting to confront contradiction and conflict.
3. The researcher’s most productive stance is curiosity and dissatisfaction with current paradigms for understanding organizational life.
4. Findings should be important—not just interesting—and demonstrable in terms of larger social relevance.

⁸ From W. Garner, “The Acquisition and Application of Knowledge,” *American Psychologist*, 1972, 27(10), 941-946.

5. Research reports should contain a vivid description of the experience of researching. “Values” should be squarely faced in these reports. Reports should present not only the findings but also the questions raised by the research.

Recommendations for Policy

With so many valid ideas missing their mark, with policy makers ignorant of or indifferent—if not antagonistic—to pivotal facts, it is inappropriate, if not dangerous, to focus only on the perils of closer cooperation between the realms of science and action. (Recently, California legislators responsible for drafting new legislation on the control and rehabilitation of drug addicts said that their opinions were largely formed by their friends, druggists, family doctors, and lobbies. They reported being unaware of or antagonistic to the findings of the experts who have produced a prodigious literature on the issue.)

My specific recommendations regarding policy are:

1. *Deepen and broaden mutual understanding between scientists and policy makers.* Especially of each other’s systems of values.
2. *Develop the science of science utilization.* What seems to merit attention is research on the utilization of knowledge. Without such research, all data lose some of their potential effectiveness, given the pace at which we are acquiring new knowledge.
3. *The yield of social science must be loud and clear—and useful.* To exercise influence and effect, social scientists must make their achievements visible and communicated well. Worth is often measured by tangible product.
4. *The public must support larger social science efforts.* Research activity accomplishes many purposes aside from the main one of adding to the store of knowledge. Our Federal government, which can grant greater research funds than foundations or universities and which grants billions of dollars for work on weapons systems, still haltingly grants funds on a year-to-year basis for the social sciences.
5. *Social scientists must be social as well as scientific.* Human subjects have intelligence, feelings, hypotheses, and expectations as well as some urges to subvert the experiment (Argyris, 1980). The people with whom the social scientist works—whether they are subjects or clients—must understand and must feel commitment to the collaboration for mutual benefit. Indeed, this attitude is essential to the scientific ethic. Without trust and commitment to the research task, the data generated are often phony or incomplete.

All this may not be completely within the grasp of the individual social scientist. Rather, it is in the realm of those institutions that educate social scientists. Most social scientists do not receive any formal instruction in one of their primary tasks, teaching, during their graduate education, nor do they

receive systematic practice or supervision in the human side of the research enterprise. These must be learned the hard way, through guided experiences.

6. *Social scientists must reexamine and modify their own values.* Social scientists must aim for complete honesty in their research. They must not attempt to conceal the motives or the sponsor of the research, since denouncement is inevitable and can destroy the research. Similarly, sponsors must respect the social scientists and consider their objections honestly and thoroughly, altering the plan of action if criticisms are merited.

We tend to think of applied social scientists as experts, analysts, consultants, designers, and sometimes temporary “help.” The myriad of relationships involved can obscure the value that an applied social science provides. At its most impactful and professional level, an applied social science is profoundly important to what is occurring in the world today and is essential to fully realizing the potential that organizations represent for our lives.

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■ INTEGRATED HUMAN RESOURCE DEVELOPMENT SYSTEMS

T. Venkateswara Rao

Human resource development (HRD) has gained increasing attention in the last decade from human resource specialists, training and development professionals, chief executives, and line managers. Many dimensions of HRD have been integrated into research, training, and organizational design and change. Others are still being explored. In the next decade, there is likely to be a knowledge explosion in HRD. If trainers, researchers, and consultants are to utilize this knowledge effectively, they must understand the concepts behind HRD and how HRD systems work in and contribute to organizations. They also must understand the different mechanisms for developing human resources and the links between them. This paper is an attempt to provide such understanding and also to present some considerations for designing HRD systems for organizations.

THE CONCEPT OF HRD

Human resource development in the organizational context is a process by which the employees of an organization are helped, in a continuous, planned way, to:

1. Acquire or sharpen capabilities required to perform various functions associated with their present or expected future roles;
2. Develop their general capabilities as individuals and discover and exploit their own inner potentials for their own and/or organizational development purposes; and
3. Develop an organizational culture in which supervisor-subordinate relationships, team work, and collaboration among subunits are strong and contribute to the professional well-being, motivation, and pride of employees.

This definition of HRD is limited to the organizational context. In the context of a state or nation it would differ.

HRD is a *process*, not merely a set of mechanisms and techniques. The mechanisms and techniques such as performance appraisal, counseling, training, and organization development interventions are used to initiate, facilitate, and promote this process in a continuous way. Because the process has no limit, the mechanisms may need to be

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examined periodically to see whether they are promoting or hindering the process. Organizations can facilitate this process of development by planning for it, by allocating organizational resources for the purpose, and by exemplifying an HRD philosophy that values human beings and promotes their development.

THE NEED FOR HRD

HRD is needed by any organization that wants to be dynamic and growth oriented or to succeed in a fast-changing environment. Organizations can become dynamic and grow only through the efforts and competencies of their human resources. Personnel policies can keep the morale and motivation of employees high, but these efforts are not enough to make the organization dynamic and take it in new directions. Employee capabilities continuously must be acquired, sharpened, and used. For this purpose, an “enabling” organizational culture is essential. When employees take initiative, take risks, experiment, innovate, and make things happen, the organization may be said to have an enabling culture.

Even an organization that has reached its limit in terms of growth needs to adapt to the changing environment. No organization is immune to the need for processes that help to acquire and increase its capabilities for stability and renewal.

HRD MECHANISMS

The goal of HRD systems is to develop:

- The capabilities of each employee as an individual;
- The capabilities of each individual in relation to his or her present role;
- The capabilities of each employee in relation to his or her expected future role(s);
- The relationship between each employee and his or her supervisor;
- The team spirit and functioning in every organizational unit (department, group, etc.);
- Collaboration among different units of the organization; and
- The organization’s overall health and self-renewing capabilities, which, in turn, increase the enabling capabilities of individuals, pairs, teams, and the entire organization.

To achieve these objectives, HRD systems may include the following process mechanisms or subsystems:

- Performance appraisal;
- Potential appraisal and development;
- Feedback and performance coaching;

- Career planning;
- Training;
- Organization development (OD) or research and systems development;
- Rewards;
- Employee welfare and quality of work life; and
- Human resources information.

All these process mechanisms are linked with corporate plans, particularly with human resources planning. These mechanisms are designed on the basis of the following beliefs:

1. Human resources are the most important assets in the organization.
2. Unlike other resources, human resources can be developed and increased to an unlimited extent.
3. A healthy climate, characterized by the values of openness, proactivity, trust, mutuality, and collaboration, is essential for developing human resources.
4. HRD can be planned and monitored in ways that are beneficial both to the individual and to the organization.
5. Employees feel committed to their work and the organization if the organization perpetuates a feeling of “belonging.”
6. Employees are likely to have this feeling if the organization provides for their basic needs and for their higher needs through appropriate management styles and systems.
7. Employee commitment is increased with the opportunity to discover and use one’s capabilities and potential in one’s work.
8. It is every manager’s responsibility to ensure the development and utilization of the capabilities of subordinates, to create a healthy and motivating work climate, and to set examples for subordinates to follow.
9. The higher the level of manager, the more attention should be paid to the HRD function in order to ensure its effectiveness.
10. The maintenance of a healthy working climate and the development of its human resources are the responsibilities of every organization (especially the corporate management).

The HRD mechanisms or subsystems are defined as follows:

Performance Appraisal

Performance appraisal of some type is practiced in most organizations all over the world. A written assessment to which the employee has no chance to respond is still common in most countries. Many studies indicate that this type of appraisal serves no

purpose. It is time that more organizations begin to utilize the performance appraisal *interview* between the manager and the subordinate, during which the subordinate's strengths and weaknesses are discussed, concerns are shared, and the subordinate is given the opportunity to defend or improve any deficits in his or her performance.

An HRD-oriented performance appraisal is used as a mechanism for supervisors to:

- Understand the difficulties of their subordinates and try to remove these difficulties;
- Understand the strengths and weaknesses of their subordinates and help the subordinates to realize these;
- Help the subordinates to become aware of their positive contributions;
- Encourage subordinates to accept more responsibilities and challenges;
- Help subordinates to acquire new capabilities; and
- Plan for effective utilization of the talents of subordinates.

In HRD organizations, every supervisor has the responsibility to ensure the development of his or her subordinates in relation to the capabilities required to perform their jobs effectively. Generally, the supervisor schedules individual meetings with each employee to discuss the employee's performance, communicate the performance areas that need attention, and jointly establish areas to be worked on or goals to be achieved by the next scheduled discussion.

Such performance appraisal interviews may be scheduled every three months or once or twice a year. Goals and objectives that have been agreed on in each meeting are reviewed in the next meeting. During this review, the supervisor attempts to understand the difficulties of the subordinate and to identify his or her developmental needs. Before each review, the employee prepares for the discussion through self-assessment, identifying factors that have contributed to his or her performance and factors that hinder it, as well as the types of support that he or she needs from the supervisor or others in order to do better in the next period. The supervisor also prepares for the meeting by listing observations, problems, suggestions, and expectations. During the appraisal meeting, the supervisor and subordinate share their observations and concerns. Each responds to the subjects raised by the other. Such discussions help to develop mutual understanding, and the data generated is reported to higher management and is used in making decisions about individual employee development as well as developmental needs of the work group or the entire organization.

Potential Appraisal and Development

In organizations that subscribe to HRD, the potential (career-enhancement possibilities) of every employee is assessed periodically. Such assessment is used for developmental planning as well as for placement. It is assumed under this system that the company is growing continuously. It may be expanding in scale, diversifying its operations,

introducing technological changes, or entering new markets. A dynamic and growing organization needs to continually review its structure and systems, creating new roles and assigning new responsibilities. Capabilities to perform new roles and responsibilities must continually be developed among employees. The identification of employee potential to ensure the availability of people to do different jobs helps to motivate employees in addition to serving organizational needs.

Every year or two, the supervisor of a group of employees assesses the potential of each of them to perform different (usually higher level) functions on the basis of the supervisor's observations and experiences during that period. Of course, many supervisors see their subordinates doing only those jobs to which they are assigned. The ideal way to judge a person's potential would be to try the person on each job for which his or her potential is being assessed. This is not feasible in most organizations, so simulation activities are prepared to provide some information about the potential of employees in specific areas.

Any employee can request such assessment. It should be clear whether or not there is a position available in the company to which the employee could be transferred or promoted.

Feedback and Performance Coaching

Knowledge of one's strengths helps one to become more effective, to choose situations in which one's strengths are required, and to avoid situations in which one's weaknesses could create problems. This also increases the satisfaction of the individual. Often, people do not recognize their strengths. Supervisors in an HRD system have responsibility for ongoing observation and feedback to subordinates about their strengths as well as their weaknesses, as well as for *guidance* in improving performance capabilities.

Career Planning

The HRD philosophy is that people perform better when they feel trusted and see meaning in what they are doing. In the HRD system, corporate growth plans are not kept secret. Long-range plans for the organization are made known to the employees. Employees are helped to prepare for change whenever such change is planned; in fact, the employees help to facilitate the change. Major changes are discussed at all levels to increase employee understanding and commitment.

Most people want to know the possibilities for their own growth and career opportunities. Because managers and supervisors have information about the growth plans of the company, it is their responsibility to transmit information to their subordinates and to assist them in planning their careers within the organization. Of course, the plans may not become reality, but all are aware of the possibilities and are prepared for them.

Training

Training is linked with performance appraisal and career development. Employees generally are trained on the job or through special, in-house training programs. For some employees (including managers), outside training may be utilized to enhance, update, or develop specific skills. This is especially valuable if the outside training can provide expertise, equipment, or sharing of experiences that are not available within the organization.

In-house training programs are developed by inhouse trainers or consultants hired for the task, and periodic assessments are made of the training needs within the organization. The effects of all training programs are monitored and added to the data concerning training needs. Managers and employees who attend in-house or outside training events also are expected to submit proposals concerning any changes they would like to suggest on the basis of their new knowledge. Thus, the training received by employees is utilized by the organization.

Organization Development (OD) or Research and Systems Development

This function includes research to ascertain the psychological health of the organization. This generally is accomplished by means of periodic employee surveys. Efforts are made to improve organizational health through various means in order to maintain a psychological climate that is conducive to productivity. The OD or systems experts also help any department or unit in the company that is having problems such as absenteeism, low production, interpersonal conflict, or resistance to change. These experts also refine and develop various systems within the organization to improve their functioning.

Rewards

Rewarding employee performance and behavior is an important part of HRD. Appropriate rewards not only recognize and motivate employees, they also communicate the organization's values to the employees. In HRD systems, innovations and use of capabilities are rewarded in order to encourage the acquisition and application of positive attitudes and skills. Typical rewards include certificates of appreciation, newsletter announcements, increases in salary, bonuses, special privileges, and desired training. Promotions generally are not considered as rewards because promotion decisions are based on appraisals of *potential* whereas most rewards are based on *performance*. Rewards may be given to teams, departments, and other units within the organization as well as to individuals.

Employee Welfare and Quality of Work Life

Employees at lower levels in the organization usually perform relatively monotonous tasks and have fewer opportunities for promotion or change. In order to maintain their

work commitment and motivation, the organization must provide some welfare benefits such as medical insurance, disability insurance, and holidays and vacations.

Quality-of-work-life programs generally focus on the environment within the organization and include: basic physical concerns such as heating and air conditioning, lighting, and safety precautions; additional physical amenities such as food and beverage facilities, recreation, and aesthetics; and psychological and motivational factors such as flexible work hours, freedom to suggest changes or improvements, challenging work, and varying degrees of autonomy.

HRD systems focus on employee welfare and quality of work life by continually examining employee needs and meeting them to the extent feasible. Job-enrichment programs, educational subsidies, recreational activities, health and medical benefits, and the like generate a sense of belonging that benefits the organization in the long run.

Human Resources Information

All appropriate information about employees should be stored in a central human resources data bank (usually by means of computer). This includes all basic information about each employee, training programs attended, performance records, potential appraisals, accomplishments, etc. This data is utilized whenever there is a need to identify employees for consideration for special projects, additional training, or higher-level jobs.

THE CONTRIBUTIONS OF THESE SUBSYSTEMS TO HRD GOALS

Each of the subsystems or mechanisms just defined contributes to the achievement of overall HRD goals.

Performance appraisal focuses primarily on helping the individual to develop his or her present role capabilities and to assume more responsibility for that role. Potential appraisal focuses primarily on identifying the employee's future likely roles within the organization. Training is a means of developing the individual's personal effectiveness (e.g., through communication-skills laboratories) or developing the individual's ability to perform his or her present job role or future job roles. Training also can strengthen interpersonal relationships (through training in communications, conflict resolution, problem solving, transactional analysis, etc.) and increase teamwork and collaboration (through management and leadership training, team-building programs, etc.).

Feedback and performance coaching helps the development of the individual as well as relationships. Organization development is the mechanism for developing team collaboration and self-renewing skills. Efforts to promote employee welfare and ensure the quality of work life, along with rewards, promote the general climate of development and motivation among employees. The contribution of these HRD subsystems to different development dimensions is indicated in Table 1.

Table 1. The Contribution of HRD Subsystems to Development Dimensions

Development Dimensions	HRD Subsystems		
Individual	Training	Career Planning	Potential Appraisal and Development
	Feedback and coaching performance	Rewards	
Individual in the present role	Performance appraisal	Training	Feedback and performance coaching
Individual in regard to likely future roles		Rewards	
	Potential appraisal and development	Training	Feedback and performance coaching
Pair relationships	Feedback and performance coaching		Performance appraisal
Teams and teamwork	Organization development	Training	Team rewards
Collaboration among different units/teams	Organization development	Training	
Self-renewing capability and health of organization	Performance appraisal	Organization development	Training

HRD AS A TOTAL SYSTEM

The HRD subsystems or mechanisms discussed so far should not be thought of in isolation. They are designed to work together in an integrated system, although any of them may exist in an organization that does not have an overall HRD plan. In isolation, these mechanisms do not afford the synergistic benefits of integrated subsystems. For example, outcomes of performance appraisals provide inputs for training needs assessments, rewards, career planning, and feedback and performance coaching. The links between the HRD subsystems are indicated in Table 2.

PRINCIPLES IN DESIGNING HRD SYSTEMS

Of course, HRD systems must be designed differently for different organizations. Although the basic principles may remain the same, the specific components, their relationships, the processes involved in each, the phasing, and so on, may differ from organization to organization.

Designing an integrated HRD system requires a thorough understanding of the principles and models of human resource development and a diagnosis of the organizational culture, existing HRD practices in the organization, employee perceptions of these practices, and the developmental climate within the organization. The following principles related to focus, structure, and functioning should be considered when designing integrated HRD systems.¹

Focus of the System

1. *Focus on enabling capabilities.* The primary purpose of HRD is to help the organization to increase its enabling capabilities. These include development of human resources, development of organizational health, improvement of problem-solving capabilities, development of diagnostic ability so that problems can be located quickly and effectively, and increased employee productivity and commitment.

2. *Balancing adaptation and change in the organizational culture.* Although HRD systems are designed to suit the organizational culture, the role of HRD may be to modify that culture to increase the effectiveness of the organization. There always has been a controversy between those who believe that HRD should be designed to suit the culture and those who believe that HRD should be able to change the culture. Both positions seem to be extreme. HRD should take the organization forward, and this can be done only if its design anticipates change and evolution in the future.

3. *Attention to contextual factors.* What is to be included in the HRD system, how it is to be subdivided, what designations and titles will be used, and similar issues should be settled after consideration of the various contextual factors of the organization—its culture and tradition, size, technology, levels of existing skills, available support for the function, availability of outside help, and so on.

4. *Building linkages with other functions.* Human resource development systems should be designed to strengthen other functions in the company such as long-range corporate planning, budgeting and finance, marketing, production, and other similar functions. These linkages are extremely important.

5. *Balancing specialization and diffusion of the function.* Although HRD involves specialized functions, line people should be involved in various aspects of HRD. Action is the sole responsibility of the line people, and HRD should strengthen their roles.

Structure of the System

6. *Establishing the identity of HRD.* It is important that the distinct identity of HRD be recognized. The person in charge of HRD should have responsibility exclusively for this function and should *not* be expected to do it in addition to any other function.

¹ These principles are adapted from *Designing and Managing Human Resource Systems*, by U. Pareek and T.V. Rao (New Delhi, India: Oxford & IBH, 1981, pp. 44-48).

Table 2. Links Between the Subsystems of HRD

	Performance Appraisal	Potential Appraisal and Development	Feedback and Performance Coaching	Training
Performance Appraisal (PA)	—	PA dimensions develop the potential of employees for higher-level jobs	PA data are the basis for feedback and counseling	PA indicates the job training needs of each individual
Potential Appraisal and Development (PAD)	—	—	PAD data should be used for feedback and counseling	Training may be provided to develop candidates with potential
Feedback and Performance Coaching (FPC)	—	—	—	Training needs can be identified
Training (T)	—	—	—	—
Career Planning (CP)	—	—	—	—
Employee Welfare and Quality of Work Life (EW and QWL)	—	—	—	—
Rewards	—	—	—	—
OD and Systems Development (OD and SD)	—	—	—	—

Table 2 (continued). Links Between the Subsystems of HRD

Career Planning	Employee Welfare and Quality of Work Life	Rewards	OD and Systems Development	Human Resources Information
PA Data are used	—	PA data form the basis for decisions	PA data can be used	PA data are used
PAD is based on career plans, and career plans are prepared using PAD data	—	—	OD programs can be undertaken if potential is not available within the organization	PAD data are used
Career counseling can be part of this	—	Verbal rewards can be part of feedback	FPC data can be used for improving the development climate	FPC data can be used to monitor individual development
Training may be undertaken on the basis of career-development plans	Training can be part of QWL programs	Training can be used as a reward	Training can be part of OD	Data are used for promotion decisions
—	—	—	Research on promotion patterns can be conducted for OD programs	CP data are used for human resources audits and career planning
—	—	Group efforts can be rewarded through QWL measures	QWL improvements can be part of OD activities	Welfare benefits require data
—	—	—	—	Data are used for rewards and reward data are entered
—	—	—	—	HRI can be used for systems development and OD purposes

Multiple responsibilities produce several kinds of conflict. This person should report directly to the chief executive of the organization.

7. *Ensuring respectability for the function.* In many companies, the personnel function does not have much credibility because it is not perceived as a major function within the organization. It is necessary that HRD be instituted at a very high level in the organization and that the head of the HRD department be classified as a senior manager. Both the credibility and usefulness of HRD depend on this.

8. *Balancing differentiation and integration.* The human resource development function often includes personnel administration, human resource development and training, and industrial relations. These three functions have distinct identities and requirements and should be differentiated within the HRD department. One person may be responsible for OD, another for training, another for potential appraisal and assessment, etc. At the same time, these roles should be integrated through a variety of mechanisms. For example, inputs from workforce planning should be available to line managers for career planning and to HRD units for potential appraisal and development. Data from recruitment should be fed into the human resources information system. If salary administration and placement are handled separately, they should be linked to performance appraisals. Differentiation as well as integration mechanisms are essential if the HRD system is to function well.

9. *Establishing linkage mechanisms.* HRD has linkages with outside systems as well as with internal subsystems. It is wise to establish specific linkages to be used to manage the system. Standing committees for various purposes (with membership from various parts and levels of the organization), task groups, and ad hoc committees for specific tasks are useful mechanisms.

10. *Developing monitoring mechanisms.* The HRD function always is evolving. It therefore requires systematic monitoring to review the progress and level of effectiveness of the system and to plan for its next steps. A thorough annual review and a detailed appraisal every three years will be invaluable in reviewing and planning. It may be helpful to include people from other functions in the organization in the HRD assessment effort.

Functioning of the System

11. *Building feedback and reinforcing mechanisms.* The various subsystems within HRD should provide feedback to one another. Systematic feedback loops should be designed for this purpose. For example, performance and potential appraisals provide necessary information for training and OD, and OD programs provide information for work redesign.

12. *Balancing quantitative and qualitative decisions.* Many aspects of HRD, such as performance and potential appraisals, are difficult to quantify. Of course attempts should be made to quantify many variables and to design computer storage of various types of

information, but qualitative and insightful decisions also are necessary and desirable. For example, in considering people for promotions, quantitative data are necessary inputs, but other factors also must be taken into consideration. A balance is necessary.

13. *Balancing internal and external expertise.* A human resource development system requires the development of internal expertise and resources, specifically in content areas that are used frequently within the organization. For expertise that is required only occasionally, the use of external resources or consultants may be the most feasible. It is necessary to plan for an economical and workable balance between the two. It is preferable to use internal personnel to conduct training; however, an organization that uses only in-house expertise may not benefit from new thinking in the field. On the other hand, a company that relies solely on external HRD help does not develop the internal resources that are necessary for effective functioning.

14. *Planning for the evolution of HRD.* Various aspects of HRD can be introduced into the organization in stages, depending on its needs, size, and level of sophistication. Some aspects may require a great deal of preparation. Rushing the introduction of an aspect of HRD may limit its effectiveness. Each stage should be planned carefully, with sequenced phases built one over the other. This may include:

- a. *Geographical phasing:* introducing the system in a few parts of the organization and slowly spreading it to other parts. This may be necessary in a large or widely located organization.
- b. *Vertical phasing:* introducing the system at one or a few level(s) in the organization and expanding up or down gradually.
- c. *Functional phasing:* introducing one function or subsystem, followed by other functions. For example, introducing job specifications (identification of critical attributes of jobs) before introducing a complete potential-appraisal system.
- d. *Sophistication phasing:* introducing simple forms of subsystems, followed after some time by more sophisticated forms.

CONCLUSION

Successful organizations pay adequate attention to their human resource development functions. For the full benefits of HRD to be experienced, it must be introduced as a total system within the organization. In addition, top management's commitment to the HRD system and its willingness to invest time and other resources is crucial; top management must make it obvious that the organization's human resources are its most important resources. The values of openness, trust, mutuality, collaboration, and proactivity within the system should be recognized by every member of the organization. If implemented properly, integrated HRD systems can contribute significantly to positive cultural changes, increased productivity, and excellence in organizations.

■ HUMAN RESOURCE DEVELOPMENT IN A CHANGING WORLD

Gordon L. Lippitt

Two of the primary reasons for the existence of the human resource development (HRD) profession are the certainty that change will occur and the need for it to be directed in an orderly fashion. Correspondingly, the field of HRD itself is continually changing and expanding, and HRD professionals must be able not only to manage change, but also, to some extent, to forecast it.

Observation of the current economic-political situation, experience in numerous types of organizations, sociological trends, and other data allow us to discern some of the major changes that HRD professionals and organizational leaders will need to deal with in the near future. These are:

1. The increased expectations of people throughout the world;
2. An increasing gap between those who possess power and money and those who do not;
3. A rapid increase in world population;
4. Continued changes in value systems;
5. The increasing influence of local, state, and federal governments;
6. A continuing knowledge explosion;
7. An increasing expression of desire for influence by all types of minority groups;
8. A continued increase in the influence of mass media;
9. An increase in education at all ages (the continued growth and development of people);
10. A shift from a production to a service economy;
11. The development of new avocations and vocations in society;
12. Increased international interdependence;
13. Continued East-West conflict;
14. The increased mobility of people, with a lessening of commitment to the organization; and
15. An increase in the size of the world's social systems with an accompanying feeling of powerlessness on the part of their members.

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Obviously, the needs and issues of the later 1980s and the 1990s will not be the same as those of previous decades.

CONCERNS

In a recent survey conducted by the author (Lippitt, 1983), thirty-two chief executive officers responded to the question: “What are your concerns for your organization for the future?” The responses of these CEOs were as follows:

Keeping Effective Managers. All CEOs commented on the problem of losing competent, key managers. They wanted to learn ways to encourage the members of their top-management teams to stay with their organizations. Some of the possible ways they identified included providing rewards, opportunities, and responsibilities.

Coping with Limited Resources. The effects of interest rates, inflation, energy costs, personnel costs, and the need for capital investments create a need to develop strategic planning processes that result in effective use of the total resources of the organization.

Increasing Organizational Complexity. As organizations become larger and their missions broaden, the process of monitoring and managing organizational health becomes more complex and uncertain. The CEOs felt that, to minimize wasted resources, problems must be anticipated, not just solved as they arise. The need to diagnose and understand increased complexity had become evident in their organizations.

Coordinating Missions and Goals. Diversification in products and services and the growth and decentralization of facilities and activities make it difficult to maintain a unified organizational purpose. However, strategic planning and effective utilization of resources can help in developing a coordinated effort.

Clarifying Roles and Accountability. The “new worker” puzzles top managers. The golden rule no longer is a key to understanding the needs of the work force. Money, advancement, and risk are not adequate motivators for today’s workers. Questions about flexible time, quality circles, and quality of work life were prevalent.

Managing Change and Conflict. The respondents were very concerned about the energy spent on intramural conflicts in their organizations. Recent studies show that CEOs spend 20 percent of their time managing organizational conflicts. Vice presidents spend 24 percent of their time, and middle managers spend 27 percent of their time in conflict management. Learning how to help the warring parties to handle their own disputes is seen as imperative.

Managing Information Systems. The need for managers who can use computers and handle large amounts of data was noted by most of the executives. Many managers are not able to appreciate, understand, or utilize the technology that is now available.

Developing Quantitative Skills of Managers. Many of the CEOs commented about the lack of quantitative knowledge and skills on the part of their managers. Most managers did not receive sufficient mathematical backgrounds to understand and use the data now available for decision making. The need for training and development in this area was cited.

Increasing Multinational Markets. Many American corporations are reluctant to assume the paperwork and problems that accompany international trade. Even the minor red tape involved in doing business with Canada or Mexico appears overwhelming, and the idea of doing business with Argentina, Chile, or China seems to imply a mountain of headaches. Yet, the executives recognized that expanding into world trade is a necessity for many corporations.

Creating New Organizational Structures. As change and the need for flexibility become part of organizational reality, new, highly-responsive, organizational structures are called for. Choosing the best configuration for a given objective or mission is a dilemma. There were many questions and debates about matrix structures and processes.

Accomplishing Performance Improvement and Appraisal. The CEOs were not sure that HRD experience and experimentation have brought forth a system of performance appraisal and review that actually leads to performance improvement, accountability, and increased productivity.

Reducing Interunit Competition. In a tight economy with thin profit margins, the competition for organizational resources can be intense. There is a need to encourage collaboration (and thereby to eliminate duplication of effort) without losing the dynamic tension needed for achievement.

Maintaining Proper Financial Perspectives. Part of resource allocation is the financial tradeoffs between various strategies and tactics. A typical dilemma is whether an HRD program is more, or less, appropriate than an allocation for advertising or an investment in capital equipment. Guidelines in this area are needed.

Dealing with Multiple Loyalties of Workers. Organizational loyalty is a motivational construct of the past. Many CEOs are painfully aware that their own successful job-hopping and recruiting practices have established a model of “me first” priorities. How to cope with multiple loyalties is a major concern. Integration of career and life goals was suggested as one approach.

Coping with Ambiguity Through Innovation. There is a need for ways to create order out of the chaos of progress and change. Locating and developing new ideas are priorities. Many CEOs are frustrated by the apparent lack of imagination on the part of their subordinates.

Increasing the Interface Between Systems. The units of a healthy organization function in concert. But conscious effort is needed to maintain and develop new patterns of interface between people and machines. The HRD professional of the future will need

to have general systems understanding, i.e., a knowledge of how to integrate mechanical systems, financial systems, social systems, computer systems, informational systems, and human systems.

Improving Productivity. The need to improve accountability and productivity was a major concern of the executives. The need to increase creativity and feelings of responsibility along with a concern for improved job performance was cited frequently.

Interfacing with Special-Interest Groups, Government, Community, and Mass Media. The top executives said that their managers need to have the competence to interface with a variety of constituencies. Communication, negotiation, and personal skills are all necessary to meet this need.

TRENDS

Such concerns will result in major changes in the ways in which organizational leaders and HRD professionals prepare themselves for their jobs, the ways in which they conduct their work, and the criteria that determine their effectiveness. The following are seven conditions or trends that will confront organizational leaders and the human resource profession in the future.

Organizations Will Require New Structures and New Processes To Cope with Changing Demands.

Organizations will become increasingly complex in terms of size, financial resources, utilization of personnel, and product diversification. Traditional structures will not be adequate, so organizations will need to use “temporary” systems. Task forces, project groups, and other such operations will be required to help the organization adapt to and react to its environment. To permit an organization to be proactive rather than reactive, matrix structures and processes will emerge. These will provide the flexibility to utilize resources. A greater emphasis will be placed on organizational processes and systems that will permit self-renewing activities.

Human resource professionals will need to understand and be able to apply the principle of matrix organization. They also will need to recognize that many early organizational theories and assumptions have become obsolete. HRD professionals also must learn to: (a) conduct organizational analyses and interpret the results for management; (b) serve as communication linkers within the organization; and (c) help people to become comfortable with change and to work effectively within their organizations to cope with and initiate change.

Many Jobs and Skills Will Become Obsolete at an Increasing Rate.

The obsolescence of certain jobs in the future will make it necessary for individuals to cope with change in their own lives. People will need to have second and third careers in

order to keep up with the rapid changes in the job market and the continued growth of a service-oriented society.

HRD professionals will be called on to assist organizations to adapt more effectively and to utilize their human resources. In assuming responsibility for organizational and individual diagnosis in the adaptive process, HRD professionals will need to use both line and staff people effectively. New methods of training and development will place greater emphasis on creativity and innovation. It will become increasingly futile to teach about jobs already in existence, and retraining will be required for many people.

People Will Insist on Greater Opportunities To Play More Meaningful Roles in the Organization.

People will expect a chance to influence the roles that they perform in the organization. They will want to be part of an organization that is relevant to the problems of the day. The old ways of inducing people to be loyal to the organization no longer will be appropriate because individuals increasingly will be concerned with their own self-actualization and will be loyal to themselves and their professions rather than to organizations.

Organizations will need to capitalize on this motivation by structuring jobs to allow a greater sense of fulfillment and job enrichment. In addition, organizations will be able to secure individual commitment and loyalty only if they show that the work and the company's objectives are relevant to both individual aspirations and social objectives.

Human resource personnel will need to: (a) find ways to appeal to individual motives; (b) help people within the organization to establish goals and to achieve them; (c) perceive the organization as a system that is designed to release human energy rather than to control human energy; (d) realize that organizations, like individuals, pass through levels of maturity and that very often they become bogged down at the level of the status quo; and (e) help the organization to set targets and objectives, particularly in relation to the development of human resources for accountability and productivity.

Conflict and Confrontation Will Increase.

We must begin to recognize that confrontation is not a bad thing; millions of productive ideas have been lost in organizations in which the climate did not allow for honest differences in judgments and opinions. In such environments, pertinent points of view are filtered out before they reach top management.

HRD practitioners must strive to avoid a win-lose concept in organizational and societal life and to substitute the concept of win-win. Openness and honest feedback should not be equated with hostility or obstruction. Quite the contrary, those who shut off the ideas and contributions of others are really the obstructionists. There will be an increasing need to use confrontation and conflict in a constructive way. People will no longer accept the judgments of superiors without question.

The implications of this trend for education and training are that: (a) human resource personnel must help people learn how to handle conflict and to recognize that it is not simply “how to fight”; (b) HRD people must avoid “hang ups” in terms of expressing and implementing convictions; (c) HRD directors must be willing to confront managers with the insistence that clear-cut objectives be identified before any commitment is made to a specific training program; (d) training professionals should focus on changing the rewards systems in organizations as a means of rewarding new kinds of behavior and affecting organizational change; and (e) the HRD manager must help the organization to determine when confrontation is appropriate and how it can be used constructively.

The Explosion of Knowledge and Technology Will Continue.

The rapid increase of knowledge and the technological revolution make it increasingly evident that education will be viewed by everyone as a continuing, lifelong process. Organizations will need to avoid preoccupation with terminal degrees and place greater emphasis on continued education. They must find a way to involve the whole person in the job so that work and life become related more meaningfully. In this context, it must be recognized that money alone is an insufficient motivator; work must be viewed as a source of satisfaction.

The implications of this for HRD are that organizational objectives, individual performance objectives, and training objectives will need to be integrated; and in training, process and content must be integrated: Furthermore: (a) training and development must help people to learn how to learn, to analyze the values inherent in their experiences; (b) people must have greater control over their own development and learning; (c) HRD professionals will need to reevaluate their program designs and efforts; and (d) HRD personnel should view themselves more as managers of training and development or as developers of resources and less as teachers.

There Will Be a Need for a More Effective Interface Between Government, Education, and Industry.

The increasing impingement of each of these three major segments of society on the others will create problems. A better way will be needed to identify emerging problems before they become conflicts. Opportunities for cross-collaboration between education, industry, and government will be required, and personnel will cross over among them.

The implication of this trend is that HRD personnel will move in and out of specific positions. They will widen their perspectives by working in various types of organizations and developing collaborative skills.

The Potential of Underutilized Groups Must Be Recognized.

Training and developing minority-group members will be an ongoing challenge in an evolving society. Underutilized human resources must be recognized at both individual

and organizational levels, along with the fact that the middle-class, Puritan work ethic may not be useful in understanding the developmental problems of persons raised outside it.

The implications for HRD are obvious: (a) HRD practitioners must learn to communicate with and develop ways to recognize the human potential in all people in our society, regardless of age, sex, or culture. The role of attitudes in the utilization of human potential must be recognized, and techniques must be developed to minimize prejudice. New ways to train people for the world of work will be required.

IMPLICATIONS AND APPLICATIONS

The seven trends presented here will directly affect the responsibilities, quality, and nature of HRD in the future. But changing times will not make all the difference. HRD professionals and organizational leaders must work in concert to anticipate needs and to plan for and direct organizational efforts to manage positive change. Specifically:

There should be greater emphasis on improving performance rather than merely on increasing individual knowledge. It is increasingly evident that the criteria used to evaluate the effectiveness of training must anticipate change in performance rather than merely have people “feel good” about a learning experience.

Training should deal with situations rather than attempt only to improve the skills of individuals. Many educational experiences do not seem to bring about change within the organization. HRD activities should focus on solving problems, with the result that on-the-job situations are confronted and coped with more effectively.

Training should be viewed as the way management gets its job done and not solely as a function of the HRD department. HRD is a resource through which management obtains maximum use of personnel. There is increased awareness of the relationship between learning processes and organizational achievement.

More attention should be given to building in-house HRD capabilities rather than depending on outside resources. Today’s organizations have specialized procedures and special training and development needs. More, and more organizations are recognizing the value of an in-house HRD staff that plans and conducts interventions in cooperation with management. Of course, such a staff can obtain and customize outside training materials to suit the needs of the organization.

There should be more formal evaluation of training results. If the training and development function is undertaken only because it seems to be “the thing to do,” there is a tendency to overlook adequate evaluation and follow-up. In such cases, management also finds it difficult to justify the expense for educational activities, even though it may think that they are necessary. More sophisticated attempts to evaluate the practical results of learning and to be more selective about methods and emphases have resulted in more effective training, better planning, and more credibility for HRD.

Trainers will be designing activities that focus on learning how to learn. Because organizational functioning has become so complex, and because so much diverse knowledge is required, managers must recognize that learning is a continuing process. Learning must be gained from all of life's activities; it no longer can be confined to formal education or occasional training programs. Learning how to learn from situations is a critical developmental skill.

HRD will move away from training that is unrelated to the learner's life experiences or the organization's needs. There is a movement away from some esoteric types of training and an increasing emphasis on activities that are based on real situations and the needs of people and organizations.

Experiential learning is favored over didactic, nonparticipative approaches to learning. The gradual abandonment of the one-way-communication type of training stems from the recognition that adults need to experience learning rather than merely to hear or read or think about something.

Reinforcement and follow-up experiences are being used to enhance learning with application. A major criticism of educational programs in the past has been that there was no lasting effect of the learning. The observation that new learning drops off quickly has been a matter of concern. More and more training and development programs are planned with follow-up sessions, action programs, and a sequence of reinforcement activities.

Training is being designed so that learning is self-motivated and/or self-directed rather than imposed. A person cannot be made to learn. People will strive to learn when they have goals, are dissatisfied with their own performances, or wish to achieve sociopsychological or economic rewards. In offering opportunities for individual or group growth, more and more training and development efforts utilize principles of self-motivation.

There is greater emphasis on goal orientation than on the assurance that training will be "good for" the trainee. Achievement and the solution of problems motivate people and aid organizations. Many organizations now plan more of their training and development activities to attain specific goals. This usually is accomplished through programs of "learning by objectives."

Individuals are being trained in groups so that they will learn how to function together in their organizational relationships. Although there is some advantage to individualized training, there is greater advantage to the organization in training individuals to function as members of a group. There is more emphasis on developing teamwork in organizations.

These implications and applications should make human resource development a more responsible process and will contribute to meeting the changing needs of organizations.

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■ SIMILARITIES AND DIFFERENCES BETWEEN INTERNAL AND EXTERNAL CONSULTING

Lynda C. McDermott

The field of human resource development (HRD) consulting (including organization development) is growing rapidly. Increasing numbers of companies are recognizing a need for HRD functions and are creating cadres of internal consultants. Paralleling this phenomenon is an increase in the number of external consultants who specialize in HRD.

Many internal consultants wonder about the world of external consulting and ponder the wisdom of moving into it. This article will identify major issues that confront individuals in both roles.

INTERNAL CONSULTANTS

The work of most internal HRD consultants includes several general characteristics. These are:

- Internal organizational politics: learning how to play by the organization's rules, knowing who has the power and whose "turf wars" to avoid;
- Autonomy: choosing with whom and how one wants to work;
- Availability of resources: managing budget and staffing limitations;
- Personal credibility and long-term relationships: building credibility through successful work and visible projects, building relationships and trust over time;
- Organizational knowledge: learning the processes, the technical jargon, the norms, and the politics of the organization;
- Resistance and commitment: dealing with managers who vary in the degree to which they place priorities on "people" and "process" issues;
- Cultural bias: being part of the organization without losing one's objectivity and becoming part of the problem, staying politically free;
- Level of credibility: overcoming built-in biases and perceptions associated with HRD functions, managing under conditions of less prestige and influence than those of one's clients;

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- Multiple masters and agendas: managing the needs of superiors and clients, maintaining professionalism without jeopardizing one's career; and
- Job security: balancing one's own needs as well as those of one's clients for job security, with the periodic need to take risks.

Internal and external consultants who responded to a survey conducted by the author revealed that the primary sources of problems and frustrations for internal consultants are:

- Internal organizational politics;
- Limited access to the organization's top management;
- The HRD function's lack of credibility in the organization;
- Lack of organizational or client-group commitment to values and projects;
- Limited autonomy over work or clients; and
- Cultural biases.

External Consultants

External consultants are faced with several issues that differ from those of internal consultants. These include:

- Power and influence: managing role potency with clients;
- Marketing: differentiating oneself and one's products or services, defining the value of products or services, and obtaining clients;
- Profit center or business management: running a profit center or business, including strategic planning, accounting, administration, etc.;
- Short-term projects: meeting client needs for short-term results and specifically defined projects;
- Estimating, billing, and collecting: accurately assessing the work required, maintaining accurate time and activity records, collecting unpaid bills, and managing cash flow;
- Autonomy: choosing the amount of one's work, choosing with whom and how one wants to work;
- Variety: learning about new organizations, meeting new clients, and doing varied work;
- Cultural shock: consulting with diverse clients, making diagnoses quickly and assimilating the technology, norms, politics, and relationships of many different organizations;

- Demanding pace and pressures: managing travel, pressure to perform, erratic work schedules, and client demands on time;
- Ambiguity: living in a less certain and less familiar environment;
- Loneliness: dealing with the isolation of independent work and travel; and
- Personal and professional management: balancing personal life with the time required to build a successful practice, avoiding burnout.

DIFFERENCES IN SKILLS, KNOWLEDGE, AND PERSONAL ATTRIBUTES

Although many of the skills, much of the knowledge, and several of the personal attributes required of internal and external consultants are the same, there are certain characteristics of each type of consulting that require special aptitudes or orientations. *Internal* consultants must be highly adept at recognizing and managing organizational, departmental, and interpersonal politics. In addition, they are expected to have knowledge of the organization (its products or services, key personnel, technical jargon, norms, etc.). Their professional expertise may be more specialized (e.g., management training, human resources planning, etc.) because of the boundaries that many organizations establish for internal organizational consultants.

External consultants need several entrepreneurial attributes in addition to HRD skills. Being in business for oneself involves some risk and requires a knowledge of business principles, including strategic planning, marketing, accounting, and administration. Contracting with the client (i.e., diagnosing the problem, assessing and presenting the work to be done, and integrating the client's objectives with one's own evaluation) is an important skill for both internal and external consultants. However, an external consultant has less time to assimilate information about the organization and must be skilled in obtaining information and synthesizing it quickly.

In addition, the external consultant must have excellent interpersonal and communication skills. With no work record available in-house, an external consultant frequently will obtain a job as much on the strength of his or her presentation and personality as on the recommendations that he or she makes. Because of the external consultant's limited exposure to clients, writing ability also is needed to produce successful proposals and reports.

The external consultant must be able to deal assertively, positively, and nondefensively with reluctant or resistant clients. This person also must have the ability to deal with unfamiliar organizations and people; to sort out and tolerate ambiguous information and changing roles, priorities, and tasks; and to endure uncertain economic conditions. This includes the ability to develop and pursue plans in an undefined environment and/or with multiple managers.

Finally, the external consultant must develop knowledge about his or her own preferences and skills and must take steps to establish feedback channels from

colleagues and clients. Unlike the internal consultant, the external HRD practitioner must guard against working in isolation, lest he or she lose the valuable input of others in the field.

Differences in HRD Interventions

The types of interventions used by internal and external HRD consultants are governed by their individual preferences and skills and the client's needs. Most of the internal and external consultants who responded to the author's survey did not see *major* differences in the types of work they do. However, they reported general differences in the areas of "soft" versus "hard" consulting and in the length of projects.

Internal consultants can more easily sell the "soft" types of consulting, such as team building, role negotiation, process consultation, management development, organizational analysis, and training-needs analysis.

Although these may have less obvious bottom-line benefits, they are sold on the basis of functional credibility or client-consultant trust. Such consulting is often long term and includes implementation and maintenance phases.

The interventions made by external consultants generally are in the form of "hard" services that deal with specific problems and solutions. These include skills training, performance-evaluation systems, redesign of organizational structures, compensation and incentive systems, and productivity-improvement programs. These services generally are expected to achieve short-term results. Once inside the door, the external consultant can begin to build trust and credibility with the client in order to propose some of the "softer," but equally important, services.

Differences in Marketing Strategies

Many external consultants have said that learning how to market—from doing market research to actually selling—is one of the most important new skills they learned in making the transition from internal to external consulting. Although internal consultants must justify their programs and must "market" themselves throughout the organization, continually effective marketing is a vital part of an external consultant's success and professional survival. The following list compares the typical marketing strategies used by internal and external consultants.

Internal Consultants

- Personal credibility
- Successful work
- Formal and personal relationships
- High-exposure projects
- Pilot programs
- Diagnoses or needs analyses

- Use of external consultants

External Consultants

- Personal credibility
- Client references
- Colleague networking
- Long-term personal relationships
- Publications
- Seminars and presentations
- Brochures and advertising
- Responding to “requests for proposals”
- Subcontracting with other consultants
- “Cold-call” selling

Differences in Appeal

Internal consultants enjoy having the opportunity to watch and be part of long-term change efforts. They like the sense of accomplishment that comes from seeing the beginning and end of a project. They like the feelings of team spirit and company loyalty that come from working together with others for a common cause. Many internal consultants prefer the stability of organizational life (e.g., established relationships, regular income, benefits and paid vacations, company-sponsored professional development).

People who become external consultants relinquish the stability of organizational life but enjoy the challenge and variety that come from working with many different clients. They value their freedom—within economic constraints—to choose with whom, how, and when they want to work. Many external consultants respond to the challenge of profit-and-loss responsibility; they see greater earning potential in the “outside” world. Finally, most external consultants enjoy having power and status and like being viewed as “experts”—particularly if they previously worked as internal consultants who were considered “staff” or “overhead.”

GOING “OUTSIDE”

Many external consultants admit that they experienced anxiety about leaving their organizational settings. Their primary concerns included the possibility of failure; the lack of financial stability; their own, untested marketing ability; the possibility of loneliness; and the possible “need” for excessive personal sacrifice. However, the people

who have succeeded as external consultants have found ways to minimize the negative consequences. The following are some of their strategies.

- Learning or relearning basic business skills (e.g., planning, marketing, accounting, legal issues, administration, etc.). This business orientation is used to manage their practices, but also is carried over into their approaches with clients. Speaking and defining client problems in business terms. Securing whatever help they need in matters of financing, accounting, office management, and the like.
- Differentiating themselves and their products or services. Taking stock of their skills and the need or demand for them in the marketplace. Selecting specific products or services and targeting their markets. Focusing on selling solutions to problems. An unspecialized person runs a greater risk of burning out.
- Developing a personal and professional support system. They know that they will require professional advice and personal support while they make the transition and periodically throughout their consulting careers. Building up a network of professional and personal associates helps them to maintain their self-confidence, provides feedback and resources, and creates a referral source for clients.
- Building a client base and a set of referrals before making the transition. Some internal consultants do private consulting work on weekends and during vacations to increase their experience and to develop client bases. Other consultants have contractual agreements with their organizations that allow them to pursue a certain amount of private consulting work.
- Planning for a period (at least two years) of uncertain financial income. Most external consultants ensure that they have sufficient venture capital or alternative sources of income to allow for the start-up time that most business ventures require.

Before making any career change, it is wise to assess who one is and how and with whom one wishes to work. Because they frequently work in isolation, meeting client requirements without the advice of their colleagues, external consultants must make a commitment to maintain their personal and professional ethics and to keep up with new theories and techniques in their profession. Working as an external consultant is stimulating and suitable for some people; it is not for others. Each type of consulting has unique rewards and drawbacks. It is up to the individual to assess these carefully and to make a prepared, informed choice.

■ STRUCTURING THE OD FUNCTION IN CORPORATE AMERICA

Barbara Benedict Bunker

Since the early 1960s, when organization development (OD) was conducted primarily by external consultants, an increasing number of organizations have hired professionals to work internally in providing OD services.¹ Over fifteen years of experience have provided a variety of models for structuring and organizing the OD function within an organization.

KEY ISSUES IN SELECTING AN OD STRUCTURE

In the discussion of key structural issues that follows, some of the most prominent concerns of experienced HRD and OD managers are reflected.²

The Concept of OD in the Organization

The type of service that the OD function expects to deliver is crucial in determining the best way to organize it. Not only must the OD staff be clear about its work, but its role must be communicated clearly throughout the organization. There are two major differences in how the work of OD is perceived. One view is that OD is involved with the strategic management of the company, i.e., with large systems change, with visionary futuring, with strategic planning, and with a variety of processes that keep the company moving toward its goals (Pfeiffer, Goodstein, & Nolan, 1986). A different conception is that its mission is to keep the human machinery running well. Where this is the case, one sees more emphasis on individual counseling, team consultation, job redesign, performance appraisal, and so on. It is possible for organizations to structure HRD or OD to perform either or both of these roles. A dilemma for some OD professionals is that they view their roles as strategic but their structure allows them

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¹ Although Pfeiffer & Company publications typically use the term “human resource development” (HRD) to denote the interrelated functions of organization development (OD), training, management development, and “personnel,” this article presents another point of view—one that differentiates OD from personnel or HRD functions. This position may stimulate discussion, but it is germane to the points raised in this article.

² This article began as a paper presented to the Partners Consulting Group. The group then sponsored a conference on the subject for top OD and HRD executives and managers. Their input was incorporated into a paper presented at the OD Network meeting in California in October of 1983, and the responses to that presentation were included. Finally, the paper was re-reviewed by the members of the Partners Consulting Group, and their suggestions were used to amplify the concepts presented here.

access only to tasks that impact organizational effectiveness. This presents serious concerns about how OD is structured within an organization and the resources that are allocated to it.

Organization development managers continually are faced with the question of how to convey to managers and the line organization a clear conception of what OD is. Before this question can be answered, there must be a clear understanding among the OD staff of what it is doing. Only then can it spread an understanding of its function through contracting, training programs, meetings with managers, and so on.

The Relationship of OD to the Business Plan of the Organization

Organization development professionals emphasize the linkage between the success of their function and its ability to be congruent with the business plan of the organization. This emphasis is in sharp contrast to the way many of them thought about themselves in the late 1960s and 1970s, when they often acted as though they were restoring the human element to an antagonistic business structure. In light of recession and organizational pruning, OD professionals have become more realistic about the major mission of business organizations and have realized that unless they are able to support that mission, their roles in their organizations may be in jeopardy.

This new realism is desirable; the danger is that OD will lose its role of providing a different view of organizational processes to those who are already aligned with the organizational mission. OD data can be crucial to the organization in assessing how the work is going, and its credibility will be improved if OD outcomes are measured in terms of organizational aims. Some OD managers believe that they must “produce tangible results that clients value *often*,” such as management training. Others suggest that OD people learn to speak in the language of the organization rather than in the jargon of behavioral science. Still others believe that the goal of OD is to intervene where the payoff will be evident and related to productivity, to the bottom line. “Service nudge,” another concept, is a philosophy of selecting OD projects that have short-term visibility and that also help to move the organization in the direction of its long-range objectives (to start where the client is and to nudge toward the future).

The Relationship of OD with the Top of the Organization

Clearly, OD needs a strong advocate within the top management of an organization (Beckhard, 1969). Whether this is the CEO or a powerful vice president seems not to be the issue; the important concern is that there is support and understanding of OD in the highest levels of management. In addition, the chemistry between the CEO and the internal OD person who consults to top management is seen as crucial to the success of OD in the organization.

The Linkage of OD with the Line Organization

There is a new concern about the linkage of OD with the line organization. There is a growing feeling that many OD skills can be learned by line managers, thus freeing the OD staff to be used more effectively in new projects or in other parts of the organization. When the OD staff becomes remote from the line organization, there is even greater need to articulate clearly the model of OD from which it is working.

The Relationship of OD with HRD and the Personnel Function

A vast majority of internal OD practitioners report to or are closely linked with the HRD function. There are two quite different views of this relationship. Those who are positive about it talk about complementary partnerships, about how HRD can empower and act as a multiplier of OD, and vice versa. The more negative view emphasizes the need for the separation of the OD and personnel functions and the importance of seeing OD and HRD as quite different. The reason for this may be that in some organizations it is quite facilitative to be part of HRD; in others, the stigma of being linked with less-well-trained or less-prestigious organizational members creates problems for OD people. There is, however, a strong feeling that the basic objectives of OD, HRD, and management development are held in common, even if the parts differ. This notion of complementary roles is important, especially with regard to advancing the corporate mission.

The Middle Role of OD

Steele (1982) points out that internal OD professionals usually are located in the middle of the organization and, thus, are susceptible to the boundary problems typical of middle groups. For example, they experience conflicting loyalties (the need to be with their clients and the need to be available to one another on a collaborative basis. There may be difficulty in defining the group's role, and competition *within* the group may become an important issue. Steele points out that these problems are not unique to the practice of OD, but appear regularly in other groups in the middle of organizations. Awareness of these issues can lead to an improved capacity to deal with them.

The Stage of Organizational Maturity

A number of organizational theorists have talked about the differences in organizational demand in periods of organizational start-up, rapid growth, stable functioning, and decline (Quinn & Cameron, 1983). It is unusual for organization development to be present as an internal function during the early development of an organization. Typically, OD becomes a resource as the organization grows. Because OD in America developed in the late 1960s and early 1970s, most OD functions began in a period of expanded growth. However, many organizations now are leveling off or cutting back. This creates pressure for OD professionals to demonstrate their usefulness in tangible ways. Whetton (1981) says that the problem of organizations in periods of decline is

they tend to rely on strategies that worked in periods of growth and that probably are no longer effective. The implication of this for OD is that roles and structures that were created ten or twenty years ago may need to be redesigned to become more appropriate today.

The Size of the Organization

A large organization presents special problems for an OD group with limited resources. If OD is deployed into the line, it may be difficult for the OD staff to remain connected. If OD functions primarily from the top of the organization, it may be difficult to carry its message out into the organization. The current tendency to separate large organizations into smaller units reflects an increasing concern about the problems of size.

The OD Professional's Need for Support and Linkage

This factor is the first of three factors that deal with the needs of the individual OD professional. The role of the internal OD consultant is a marginal one. The OD person is “in, but not of” the organization. This creates stress for the role occupant, so some level of personal support is necessary. A natural solution is for the OD professionals in an organization to form a support group that meets some of their needs for linkage and professional development. Isolation can render a person ineffective. To prevent this from happening, the structure that is created for the OD function must consider the need for linkage and support among the people in the system.

The Structure of OD and Career Development

Two major dilemmas are part of the professional development of most internal OD persons.

The first is the dilemma of on-the-job training and development. There is no clear map of what skills and proficiencies are needed by an OD consultant, so many who have the resources to attend workshops, conferences, and advanced-degree programs jump from one experience to the next. These experiences, although they may be stimulating, frequently are not tied to any focused developmental plan.

The second dilemma is the issue of career pathing for OD professionals. Typically, there are many hierarchical or status levels in the organization but only two hierarchical levels in the OD function. It is very easy to catch the “hierarchical disease,” i.e., “If I am going to advance in my profession, I must become an OD manager or whatever the next status step is.” This means that people who want to advance are going to feel quite frustrated.

What is needed is a new model of professional development that creates experiences and rewards OD people for new skills and for years of focused experience rather than solely for advancing to the managerial role. The more that they catch the hierarchical disease, the less they are able to maintain their “marginal” or “boundary” perspectives (i.e., being able to see the organization from an outsider’s point of view as

well as from the inside). Having a clear map of how they should develop in their careers also would help OD people to resist the hierarchical disease. This is not to say that all OD people should be discouraged from assuming managerial roles. Many OD professionals have become line managers and have benefited greatly from the experience.

These dilemmas will not be resolved by the internal OD structure, but an awareness of them may lead to a structure that is more supportive of individual OD professionals.

The Role of the Vice President of Human Resources or the Manager of OD

The leader of the OD function needs to be influential with top management. Jenks (personal communication, 1983) proposes three roles that the OD manager can play. Each is a different approach to managing the OD function. The first role is *agent*—one who locates the resources to fill perceived needs, selecting and deploying individual OD specialists in response to requests. The second role is *group manager*—one who keeps in touch with individual OD specialists to coordinate and facilitate arrangements. This is particularly crucial when there are apprentice or junior people in the group. The third role, which is the most desirable, is *conductor*—one who develops a plan from which he or she directs the integration of specialists. The way in which OD is structured can make these roles easier or more difficult to fill.

The Other Structures That Influence the Structure of OD

The history of OD in the organization plays a part in any decisions about how it will be structured. A structure that is perceived as not working well may not be maintained even though it has the possibility of being the best structure for that setting. Similarly, if strong values are present around a particular structure or way of working that matches the organization's values, that structure is difficult to change.

In the same way, people in the system often have more influence than they should on decisions about the structure of OD. For example, individual differences in ability to tolerate ambiguity sometimes influence the way in which things are structured. The level of competence of the OD practitioners may make some structures difficult to implement.

Each of these factors influences the consideration of an OD structure. Some factors may carry more weight than others, and this must be considered when selecting or modifying the structure of the OD function.

SIX MODELS OF THE OD FUNCTION

There are several models currently in use for incorporating the organization development function into an organization. Since the early 1970s, when many companies began to employ OD specialists, experience has enabled us to look at the strengths and weaknesses of these various structures. The following is an examination of the five most popular models and a new model.

Model I: The OD Group Within the Personnel Function

In this model, the organization development specialists report to a manager of OD who, in turn, reports to a vice president of human resource development (or personnel). Typically, the manager of the OD group serves as a consultant to the top management of the company. OD personnel within the group may be deployed into a variety of different areas within the company or they may have specialties for which they are known around the company and that cause them to be used in several different sectors. If the OD specialists are assigned to divisions or departments within the company, it typically is in a staff relationship, and their line-reporting relationship is to the OD manager.

Advantages

1. The OD group provides mutual support and the possibility of personal development and growth for individual members in their professional tasks. Because consulting to separate divisions is work done alone, the OD group becomes very important for meeting these needs.
2. A certain amount of protection is provided for the OD function because it reports directly to a vice president. The protection is as good as the vice president's clarity about the importance of the OD function, his or her commitment to it, and his or her personal power.
3. To the degree that OD specialists are deployed across the company, the group can observe what is happening in the company and may form an overview that is somewhat different from that of line management. This strategic vision is useful both in the work of individual consultants and to top management.
4. To the degree that there is a division of responsibility within the OD group, people with particular competencies are able to use them without being required to have all the competencies of generalists. When training is also the responsibility of this group, it provides the possibility for a company-wide training strategy at least at the level of management training.

Issues

1. The credibility of the HRD function in the organization directly influences the credibility of OD. If HRD is seen as a nonprofessional function, OD will be adversely affected. This may lead OD people to put dysfunctional energy into proving that they are not the same as "personnel."
2. In some organizations, people have the attitude that going to personnel (or OD) is like going to the doctor, that is, one goes only when there is a problem. This conception is not desirable as a view of OD.
3. The perception that the HRD or personnel staff has of its own function may not be congruent with OD goals or the goals of the line organization.

4. The fact that the OD group is so clearly identified makes it an easy target for cutbacks or elimination.
5. Although the manager of the OD group typically reports to a vice president, the manager's consulting client should be the top management of the company. This may create a role problem that is difficult to manage. The OD manager has access to information from the top of the system that cannot help but be gratifying to either ego or power needs. On the other hand, the reporting relationship often is three or four levels below the level at which the manager is operating. It takes an unusual person to manage these boundaries in an appropriate and effective way.

Model II: OD as an Indigenous Part of the Personnel Function

In companies in which the human resource function is highly developed, consulting skills as well as training skills are part of the competencies of the HRD staff. This staff usually reports to a vice president for human resource development, and the individuals perform multiple functions, that is, they are *generalists*. Each staff member may serve as a staff consultant for an operating division or department in the company and may perform many personnel functions, such as hiring, firing, etc., as well as consulting on issues of organizational effectiveness. In this model, the vice president for human resource development usually functions as the "consultant" to top management, even though he or she is, in fact, a member of the top-management group.

Advantages

1. Organizational-effectiveness consulting is more protected in this model because it is linked closely with other personnel functions that are needed by the organization.
2. Because OD is part of the HRD role, the potential for conflicting agendas is reduced and the potential for integration is enhanced.
3. The access that the consultant has to the manager or division head, i.e., client, may be greater because it is part of an essential staff function that is recognized and needed by managers.
4. The fact that there is a staff that works together makes it possible for there to be professional development and growth for individuals as part of their consulting work within the organization.

Issues

1. There is much less time available for organization development consulting when individuals also are performing other personnel functions that may have priority because of their urgency.

2. Because the personnel function is clear, it may be difficult to convey to managers the other skills that each HRD person has and to help the managers to understand how to use these skills.
3. It may be difficult to maintain the marginal (outside as well as inside) perspective so essential to the consultant role when OD is so embedded in the line. It may be easier in this situation to “catch the client’s disease.”
4. It may be extremely difficult to find personnel who can perform a range of both OD and HRD functions and do them all well.
5. Maintaining the status of the HRD/personnel function in the organization may be a problem and could impact the perception of OD efforts.

Model III: The Matrix OD Function

In this structure, the OD consultants have a double reporting relationship: one to a line manager or division chief—with whom they work as primary consultant—and the other to a manager of the OD function who is usually but not always in a personnel capacity.

Advantages

1. Where the matrix works well, the relationship of the OD staff with the HRD function has several benefits:
 - a. Official linkages with and support from other OD people;
 - b. Having a person who understands OD coordinate efforts and administer performance reviews and promotion decisions; and
 - c. The opportunity to have an overall picture of the organization or division.
2. The line manager with whom the consultant works deploys the OD person, so entry is made easier because of line support. That person also has input into the OD person’s performance evaluation but does not control his or her salary. Thus, the consultant is free to get on with the job without the constraints that might occur in a total reporting relationship.
3. The consultant has a useful, dual power base if it is used appropriately. The line manager’s power can be supportive vis à vis HRD, while the HRD connection can be useful in influencing the line manager.

Issues

1. There may be role conflicts and conflicting loyalties among OD people.
2. In this model, it is possible to set up and work managers against one another.

Model IV: The OD Specialist as Part of the Line Organization

In this model, the consultant reports directly to and is paid by the manager of a plant, division, or department. There is only an informal relationship with other consultants in other areas of the organization. There have been cases in which a top organizational official was able to call together for regular meetings all the OD specialists in the organization. However, this cannot be done on the basis of a line reporting relationship, but solely on the basis of history, prestige, and influence.

Advantages

1. The consultant is responsible primarily to an operating division and work is evaluated on the basis of its usefulness to that division. This creates very pragmatic and bottom-line accountability.
2. Because the line manager is in a position to reward or to challenge the consultant, the potential for a close, collaborative, and committed relationship is great. The manager is in a position to facilitate the consultant's entry into parts of the organization that may be resistant but in need of help.

Issues

1. The potential advantage of reporting to a line manager is accompanied by a potential disadvantage if the manager is resistant, hostile, or naive about the potential usefulness of OD. Thus, the manager is potentially a limitation as well as an asset.
2. OD people can become isolated, not only from one another but also from appreciation of what is happening in the total system. OD people need to stay in touch. When they are deployed into separate parts of the organization, it may be difficult for them to achieve the connections that are essential for effective functioning.

Model V: The Corporate Organization Development Group with Unrelated Field Staff

A company may have a corporate, organizational-effectiveness group that provides a particular service in regard to the total enterprise and may also use the services of OD professionals who are hired into different slots in the organization. These people report to a line manager in much the same way as the Model IV consultants do. Unfortunately, in many such companies, there is very little relationship between the corporate OD group and the outside OD people.

Advantages

1. This arrangement provides the organization with many consultants with many resources, so it can afford to have people specialize.
2. The corporate group has the ability to obtain organizational support for OD and to establish an overall plan or direction for company-wide OD efforts.
3. The field group has some desirable autonomy.

Issues

1. The primary issues are those of coordination and a united approach. If the corporate group and the field group have no communication, there is considerable potential for the corporate group to go off in a direction that is not supported in the field. Developing field ownership of corporate-sponsored goals or programs can be difficult. There may not be a shared opinion of key objectives, and there generally is no structure that makes it easy to achieve one.
2. Field people may not be brought together as often as would be desirable to develop mutual enrichment and growth.

Model VI: The Internal Consulting Firm

Union Carbide developed an OD group that was established as an in-house version of an external consulting firm. The members of the group were available to the divisions on a per-hour basis, i.e., they had to “support themselves” with contracts for services. This model has been adopted by only a few other companies.

Advantages

1. The need to market OD services provides a focus for the OD group and keeps it aware of what the clients want.
2. The OD group has some choice of clients, type of work, etc. Its members control more of their own work and can utilize resources strategically.
3. Being part of a corporate group allows the OD people to be close to policy makers and to discern the needs and pressures in the organization.
4. The OD consultants have high visibility.
5. The financial arrangements encourage long-term accountability rather than doing what is currently popular.

Issues

1. External consultants have an aura of credibility that is difficult for internal consultants to achieve. Internal consultants may be too familiar, too much a part

of the organization. There may be a perception that external consultants are better.

2. Being based in the organization and yet privy to the confidential information of divisions may create issues of trust that are much more salient than they would be for external consultants. This model may represent the worst of both worlds.
3. Time must be spent on marketing rather than on planning and providing OD services.
4. The OD group's visibility makes it an easy target for reduction or elimination.

CHOOSING THE OD STRUCTURE

There is no one right way to organize internal OD units. If managerial competence is the OD priority, one would organize so that skill development is the primary OD focus. If productivity is the priority, one would organize to facilitate delivery of consulting help to client divisions or departments. Different objectives impact the deployment and activities of the OD staff as well as its structure. In organizations with a high rate of change, it may be important for the OD effort to be closely related to top management so that attention can be focused on the implementation of change; whereas, in more stable organizations, another structure may be more effective. Thus, a number of factors must be considered. The best approach is a contingency approach that tries to fit specific organizational characteristics to the models available to arrive at a "best-fit solution."

Four key issues are fundamental to any decision about OD structure. These are:

1. The role of OD in relation to the organization's mission.
2. The special characteristics of the organization that need to be considered.
3. Structural factors and relationships that must be considered.
4. Individual needs and roles of OD staff members.

A careful exploration of these issues will identify specific factors that must be considered. It will create an understanding of what the organization intends to do. This framework also will show areas of confusion or difficulty. For example, examination of the role of OD in relation to the organization's mission may help to reduce the range of options in terms of structure.

The second step in selecting a structure is to test each of the six models for the best "fit" with the requirements that emerge from the discussion of key issues and with organizational aspirations. Although not a simple approach, this process of fitting organizational needs and requirements to a set of alternative solutions is highly recommended. It is a more comprehensive and rational process than usually occurs, and the key people in the decision-making process can test their assumptions and preferences publicly against a shared framework.

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■ TOWARD FUNCTIONAL ORGANIZATIONAL DEVELOPMENT: WHAT TO DO AFTER THE SEARCH AND THE PASSION FOR EXCELLENCE

Roger Kaufman

INTRODUCTION

The concept of organizational excellence is currently popular among organizational developers and managers. Organizations throughout the world are looking at what “excellent” organizations do and are copying many of their practices and approaches, because the “excellent” organizations are seen as delivering desired payoffs.

However, what the experts on excellence, management, and human resource development are providing are *processes*, not results; and processes are just possible ways of obtaining results. Emulating others’ processes or simply searching and having the passion for excellence is not enough. Organizations that are continually successful define where they are going and why they are going there. Then they find proper pathways to achieve sustained organizational effectiveness. Copying is appropriate for clones but not for unique organizations with unique cultures and missions.

Rather than blindly playing follow the leader, an organization can adopt whatever works generically in all successful organizations and adapt those to the unique things that have in the past led organizations to unparalleled strength and success; for example, defining and determining (a) where society is going and why, (b) what the organization is now contributing, (c) the gaps between the organization’s current and required contributions and/or results, and (d) what—including assumptions and methods—has to be continued or changed to close the gaps. This approach provides a rational alternative to “knee-jerk” responsiveness to client wishes, politics, and conventional wisdom as the basis for policies and decisions. Organizations must strive both to be responsive to current clients and to define what will be required in the future.

This article presents an approach for identifying and meeting needs (defined as gaps between current and required results); it links this model to policy implications; and it suggests ways to integrate policy, planning, and organizational success. Specific suggestions are provided for a Western alternative to Japanese management and for what to do after searching and acquiring a passion for excellence. It shows why and how to link means with useful ends.

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Several options exist for the organizational developer: (a) keeping things the way they are, (b) making quick-fix changes to reap here-and-now improvements, or (c) deliberately fashioning future sustained improvements that are tailored to each unique organization and its environment. The pressures of day-to-day organizational marketplaces and political realities tempt one to substitute rhetoric for risk, but the demands for personal and organizational survival and contribution make the no-change or quick-fix options the most risky of all. Although it is convenient to be in mode with current “hot” ideas, a sensible leader will fashion responsive and responsible tools, techniques, ideas, and methods from that which is available; fit these to organizational characteristics and internal and external needs; and orchestrate these to meet current and future goals and objectives.

EXCELLENCE, THE JAPANESE MANAGEMENT APPROACH, AND WESTERN VALUES: IMPROVING OUR HERE-AND-NOW SUCCESS

So-called Japanese management has been successful. In fact, the Japanese management approach has been so successful that organizations the world over have studied it and have begun to copy its ways and means. Recent study (e.g., Pascale & Athos, 1981; Peters & Waterman, 1982) has indicated that many excellent non-Eastern organizations have common characteristics with their Asian counterparts. The employee value systems of these excellent organizations—Eastern or Western—integrate work and meaning as the basis for seeking success in terms of world good and improved contribution to world culture. Furthermore, excellent organizations, both foreign and domestic, recognize the importance of the client and the client’s welfare, involve people constructively as participating partners in the business, take care of basics, and pay close, constructive attention to the day-to-day operations. They care about what they do and what utility it has for the clients.

Both the search and a passion for excellence are characterized by sensible factors, including an emphasis on leadership over management, vision, closeness to clients, unqualified client orientation, keeping in touch with associates as well as customers, enthusiasm, trust, zest, being a good coach, innovation in terms of client feedback, and thinking small. A number of attributes (actually processes or means) of excellence and passion for excellence are discussed by Peters and Waterman (1982) and Peters and Austin (1985).

Not all organizations have adopted the new leadership and excellence processes. Toughminded, bottom-line-oriented Westerners still tend to target on increased productivity, efficiency, and accountability while downplaying the softer side of enterprise (such as human relations, commonly shared societal visions, group decision making, quality circles, and closeness to clients). Although efficiency and streamlined delivery count, they alone will not consistently deliver positive, sustained corporate payoff. When conventional organizations include both the softer skills and the harder

ones, they often harvest success (Kanter, 1985; Kaufman & Stone, 1983; Peters & Austin, 1985; Peters & Waterman, 1982).

The Importance of a Shared Vision

Excellent Western and Japanese employees work simultaneously for themselves, their own organizations, and for the clients. Their classical-organization counterparts typically strive only for themselves; they assume that the organization can take care of itself. The conventional manager does the same, turning the organization into an adversarial battlefield.

One of the critical elements in achieving individual and collective success resides in having shared *superordinate purposes*: an agreed-on individual and organizational North Star toward which all may steer (Kaufman, 1984; Pascale & Athos, 1981; Peters & Austin, 1985; Peters & Waterman, 1982). More responsive and responsible organizations can be built when organizational efforts, organizational results, and societal impacts are aligned. If East-West excellence is to be shared, it will be through adopting the concern for superordinate goals.

This shared vision provides guidance at each level of the organization concerning what to do and what not to do, and it orchestrates individual efforts and results in a larger overall good. It allows each small piece, each breakthrough, and each product to combine and become integrated into a useful whole.

DOING WHAT IT TAKES TO BE SUCCESSFUL TODAY AND TOMORROW . . . AND THE YEAR AFTER

Being Successful Today

If an organization wants to improve only in its here-and-now efficiency in meeting existing organizational purposes, it can copy the excellence blueprints and reap some quick-fix payoffs. The means, processes, how-to-do-it guidelines, and activities recommended by popular leadership-and-management authors may provide immediate results. In fact, some solid suggestions for improving here-and-now efficiency can be found in the works of Hersey (1985), Hersey and Blanchard (1982), and Peters and Waterman (1982).

A first step on this road could include expanding the current planning and organizational improvement focus from a preoccupation with unitary organizational splinters to a holistic view. For example, instead of dealing with only productivity, training, or cost cutting, the organization could be oriented toward achieving positive organizational impact in and for society as well as improving organizational efficiency. By encouraging small breakthroughs and taking the advice of excellence experts, an organization may be able to make it through today quite well. However, this does not mean the organization will be around tomorrow (Who's Excellent Now?, 1984).

Caring About Tomorrow

Improving today while building for tomorrow demands some additional concerns for societal requirements and payoffs for the future; providing what the customer wants is not enough. Drivers in the United States wanted large automobiles even though the coming high prices for fuel were visible; later, when Detroit had few small cars to offer, consumers bought cars imported from foreign countries, which had dealt with the problem years earlier. Customers ask for sweet soft drinks, empty-calorie foods, and miracle drugs; then they ask why business and government did not protect them from obesity, poor diet, and drugs that adversely affect two in one million. They opt for low-priced, low-quality gadgets and complain about a throwaway economy. They demand lower taxes and more social services. In other words, they act like people.

Although the customer is not always right, the customer is always the customer. Being responsive to them is important for today and even for tomorrow. Nevertheless, a responsible organization must define what will be required for the self-sufficiency, self-reliance, and well-being of its clients, their world, and the organization. Even though building teams, developing ownership, and being responsive to clients are important, an organization must make certain that it will have products and/or services that will be required tomorrow in a world that is only beginning to show its shadow today. Listening only to clients or doing only what they suggest means operating in a reactive mode. Making clients' visions the sole source of organizational innovations is suicide.

Perceptions and judgments must be considered, but empirical evidence and hard data must also be used in making decisions. Relying solely on perceived realities can be tragic. For example, many airplanes have crashed because the pilots—even experienced ones—refused to believe their instruments and relied on their perceptions.

Combining perceived needs and those based on hard data (see Figure 1) will help an organization to be proactive and to create new areas of organizational goods and services. “Skunks” (Peters & Austin, 1985)—or off-line innovators—can be valuable if they are allowed to create products, not just solve knotty problems in existing products. Creative contributions come from finding a need and filling it, not just filling needs that are already apparent.

The following guidelines will help in combining perceived data and hard data:

1. Seek and listen to the client's feedback and advice.
2. If the suggested changes are sensible, implement them. If they are not feasible, tell the client why you are not making the changes.
3. If one client's suggestion is good for other clients, generalize it.
4. Compare the perceived needs or wants of the client (e.g., increased production, increased sales, or more competent supervisors) with hard performance data and the resulting actual needs. (For example, the hard data may show that current profits were \$100,000 when they should have been \$1,000,000; forty grievances were filed against supervisors and there should have been none; or 25 percent of the shipments were rejected because of defects and there should have been

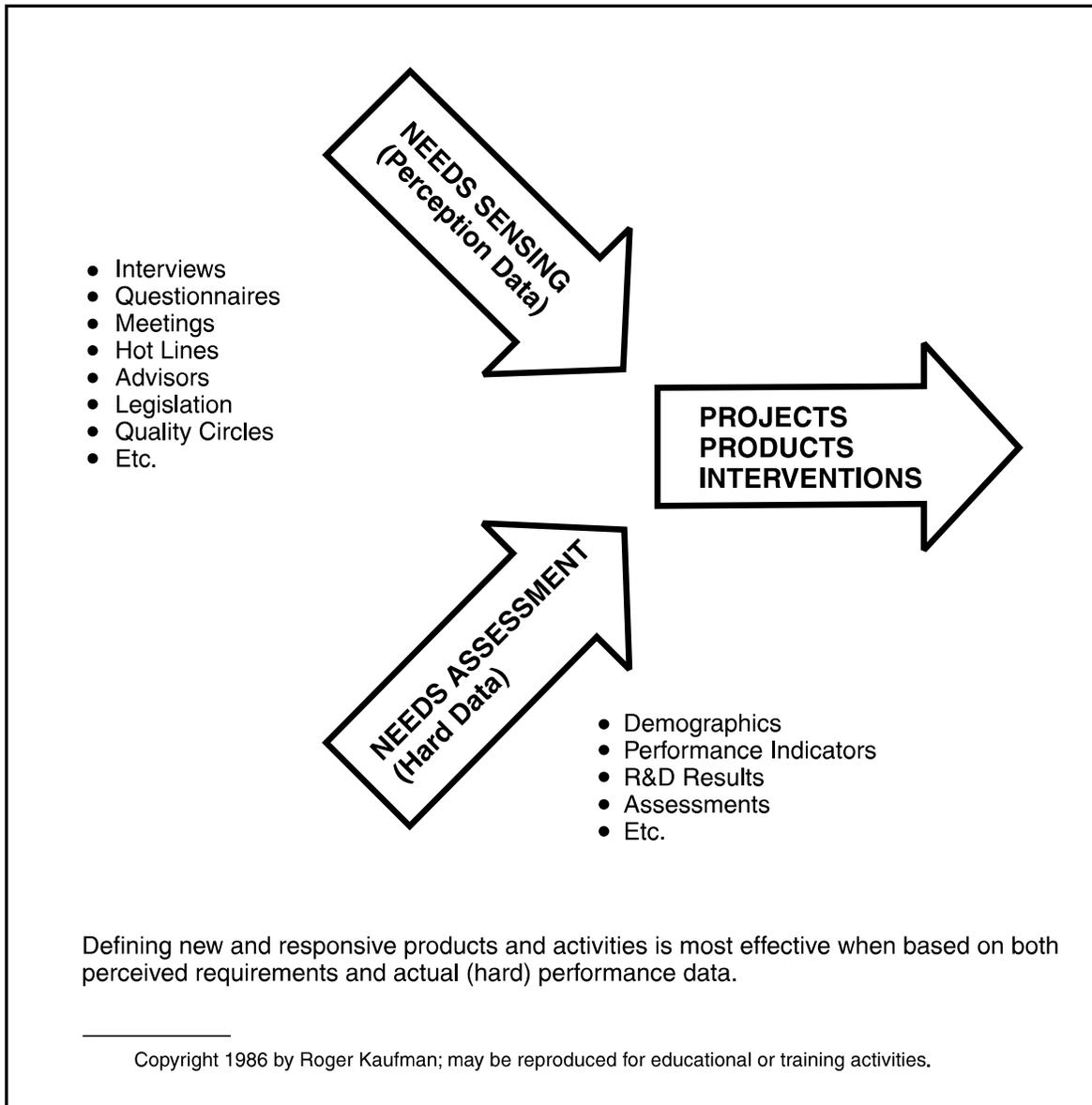


Figure 1. Results of Combining Perceptions and Hard Data

none.) If the client's perceived needs and the actual needs agree, then make the necessary changes.

5. If the perceived needs and actual needs do not agree (e.g., if increasing sales without correcting the defects would not increase profits), then collect more data (e.g., determine why the defects are occurring and if the rejections are related to incompetent supervisors). Some sources for hard data might be production records, the file of grievances, profitability reports, and recorded reasons for rejections. Probe the data deeply and clarify points with the client. If disagreements still exist, either the opinions are wrong or sufficient data have not

been collected. If it becomes obvious that the opinions are wrong, educate the client.

Politics has been defined as the substitution of power for rational, data-based decisions. Politics may be one of the roadblocks to a successful tomorrow, because politics is frequently another quick-fix alternative to rational goal setting and problem solving. Whether in government or in business, politicians attempt to move people toward a common ground—usually the politician’s ground. By invoking statements designed to rally the troops and by appealing to “logic” (and carefully avoiding any recognition that the logic is not the same as rationality), the power broker attempts to bring about a solution that maintains the current power without necessarily responding to the organization’s internal and external partners and clients.

Political decisions can be correct, of course, and may be useful when more reliable data are unavailable. Nevertheless, basing decisions on current crises and politicians’ territorial imperatives or simply copying someone else is a poor alternative to finding a rational, justifiable basis for goal setting and operational activities.

One element that is required to replace politics with rationality is the determination of hard data on where the organization is going and why. For example, one chief executive expanded the employees’ training program simply because he was badgered to do so by a supervisor. A closer examination, however, revealed that the employees were being asked to do hazardous work with malfunctioning tools and equipment. In another case, a supervisor purchased minivans with cages for luggage storage so that the company could “pick up clients at the airport.” His real agenda, however, was that he wanted the company to provide appropriate vehicles for his show dogs. Clients arriving at the airport were so few that an ordinary automobile could be dispatched for each one.

Fortunately, people do not have to put up with politics and politicians indefinitely. They may choose to steer another course toward their common North Star.

Defining Where the Organization Is Going and Why

Organizations and their policies and goals are not perfect. Most do not have any measurable statement of purpose, nor do they have useful criteria for measuring internal contributions or effectiveness in meeting organizational and societal goals. Even the best of organizations have a mixture of politics and useful purpose. This, of course, is a description of “what is” and not “what should be” (Kaufman, 1982).

Enduring, continuing, successful organizations require both the appropriate North Star toward which common effort may be directed and also policies and procedures that allow them to follow the star. Providing society with new and successful goods and services—not just improving on yesterday’s successes—necessitates a shift from defining needs as wish lists to defining them as gaps between what is and what should be for both internal and external results (Kaufman, 1982; Kaufman & Stone, 1983). The world is not standing still for our convenience, and our tomorrow is not assured by simply increasing our current efficiency toward today’s (and yesterday’s) goals (Nussbaum, 1983).

Overcoming the Passion for Process: Relating Means and Ends

Another roadblock to a successful tomorrow is the passion for process and the assumption that processes guarantee results. Processes must be chosen wisely if they are expected to deliver useful ends. When a list of sixteen processes (from Peters & Austin, 1985, and Peters & Waterman, 1982) were analyzed, fifteen of them seemed to relate best to organizational means. Four of them were linked to organizational results, and only two of the sixteen could possibly be related to client and societal payoffs. As important as means and processes are, they make sense only when they are linked with results for the client and the world of today and tomorrow. The following steps outline a way to select means that will help produce desired results:

1. Read current books and articles on improving organizational effectiveness. Abstract and list the gems of advice, methods, and strategies.
2. Divide the list into three parts: those that deal with organizational means (the how-to-do-it items); those that deal with organizational results within the organization; and those that have an impact on outside clients, customers, and the world.
3. Define the organization's mission and objectives in a short statement of where the organization is going. Then add some indicators that will help determine when an impact has been made on clients.
4. Compare the list of item 2 with the objectives of item 3. Select the methods and strategies that appear to be able to yield results important to the organization. Gain the acceptance of associates and put the methods into practice.
5. After using the methods, evaluate their usefulness in obtaining both organizational and external results. If they are not effective, be ready to change quickly.
6. Continually collect information about future requirements. Identify possible changes to the organization's goals and mission, and recommend such changes along with justifications. Care enough about the organization to take a risk and innovate for the future.

POLICY, PLANNING, AND PAYOFFS

Policy—the decision criteria that are used to decide what to do and deliver—should be more than good intentions. In most organizations, policy provides loose definitions of organizational purpose (e.g., “make a profit,” “provide the best service in the city,” or “earn our customers every day”) and strict guidance only on procedures to follow. Unfortunately, policies are frequently the results of good intentions coupled with political machinations that were created when influential individuals moved into the vacuum created by the lack of rational information about where the organization was going and why it was going there.

Policies are useful to the extent to which they provide specific guidance on deciding where to go and what must be done to arrive there. Policies that restrict themselves to processes and procedures are bound to fail, because a poorly defined problem has an infinite number of solutions; or to paraphrase Mager (1975), if you don't know where you are going, just about any road will get you there.

Planning can identify where the organization is going and what must be accomplished to go from what is to what should be. However, such planning must also identify useful and attainable ends. This does not necessarily mean compromise. Rather it means recognizing the intermediate payoffs that must intervene between the methods and the ultimate results. An organization's avowed ends may be ambitious but also attainable if all agree to eventually reach them. Attainability may simply mean that the achievement of the ends must progress at a rate that allows all the players to go from what is to what should be—often step by step with a little progress each time. Patience, policy, cooperation, progress, and payoff are functional partners.

Payoffs, including profits, usually come more easily to organizations that define useful and progressively achievable purposes and then attain them. Linking policy, planning, and desired payoffs seems a sensible way to operate an organization.

EXPANDING THE FOCUS

By simply adding a positive societal impact to its current focus, an organization would be taking the stereotypical “excellence” approach (with its major concern about how to improve on “what is”). Ingenuity often achieves success by proactive and creative innovation. Therefore, organizations should continue to create a useful “what should be.”

If an organization wants to develop a better tomorrow for itself, its workers, and the world, its policies, planning, development, implementation, and evaluation must include *all* elements of concern (see Table 1) for the twin dimensions of “what is” and “what should be” (Kaufman, 1982; Kaufman & Stone, 1983). A holistic perspective would include that which the organization uses (inputs), what which it does (processes), its en route or building-block accomplishments (products), the results that it delivers to clients (outputs), and the impact for clients and society (outcomes). Together, these five components form the organizational elements; when used with the dimensions of what is and what should be, they allow an organization to orchestrate and link its efforts, accomplishments, and societal impacts.

By seeking ways to measure societal impact, however imperfect initially, an organization will be able to provide a better target for defining and following its North Star. The basic criteria for positive societal impact is that each person be self-sufficient and self-reliant, not under the care or control of another person or agent, and not addicted to other people or agencies (Kaufman & Carron, 1980). Organizations must learn not only to “do it right,” but also to “do what’s right” (Drucker, 1973). For

Table 1. Elements of Concern¹

Element Name	Examples	Scope	Cluster
INPUTS (raw materials)	Ingredients, existing human and physical resources, existing needs, goals, objectives, policies, laws, money, values, state-of-the-world.	INTERNAL (Organization)	Organizational Efforts
PROCESSES (how-to-do-it)	Means, methods, procedures, how-to-do-its, techniques, "Japanese" management training, manufacturing, organizational development (any "doing" activity).		
PRODUCTS (en-route results)	Fenders completed, services delivered, reports completed, surgery completed, skills acquired, production quota met, tellers trained, disc drive produced, etc.		Organizational Results
OUTPUTS (the aggregated products of an organization that are delivered or deliverable to society)	Delivered automobile, delivered computer system, patients discharged, delivered finance package for municipal airport, etc.		
OUTCOMES (the effects in and for society indicated by self-reliance, contribution)	Profit, not on welfare, no addictive relationships with others and/or society, having financial credit, contributing to self and society, customer satisfaction	EXTERNAL (Societal)	Societal Results/ Impact

example, an automobile manufacturer should strive to provide safe transportation that does not pollute the atmosphere.

Achieving societal good is not only moral, it is good business. Sooner or later, whatever an organization delivers is judged on the basis of quality, price, and its contribution to the public. If it delivers shoddy or irrelevant products, no amount of rhetoric, politics, or excuses can make up for a failed business.

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¹ Reprinted with permission from R. Kaufman, "Improving Organizational Impact: A Western Alternative to Japanese Management." *Performance and Instruction Journal*, October 1984.

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■ ORGANIZATION DEVELOPMENT: THE EVOLUTION TO “EXCELLENCE” AND CORPORATE CULTURE

Thomas H. Patten, Jr.

INTRODUCTION

Organization development (OD) has never been an easy subject to describe or explain. A review of the history of the subject reveals that OD theorists and practitioners alike have spent much time communicating with one another on what the term “organization development” means to them, how they have attempted to design and implement OD programs or “efforts,” what OD techniques or so-called “intervention” methods have been used and with what results, and whether OD is here to stay. As a consequence, learning about OD is learning about a process, a movement in management thought, a philosophy, a debate, a list of techniques, and a puzzling black box.

After twenty years—roughly the intellectual life of OD in the United States—we can only conclude that OD is equivalent to the purposeful improvement of management. Typically, this purpose is the reason that any given OD program has been started and completed (or halted if it has not seemed to be yielding the results sought or hoped for). Yet much of the reason for OD’s remaining something of a conceptual mystery is wrapped up in the very notion of improvement. Inasmuch as “improvement” does not convey one final idea, neither does “development,” which might also be viewed as meaning “in the process of growth” and “becoming something else.” A business organization cannot achieve the status of being “developed” in any finite sense. For management to proclaim that development has been reached as an end state is tantamount to its announcing the first stage of the organization’s demise. Change is an undeniable constant.

Despite its short life, OD today seems itself to have changed. For example, fifteen or twenty years ago, OD efforts were launched very often to transform closed, secretive, administrative bureaucrats into open, authentic, and confronting managers who strived for organizational outcomes that were democratic, participative, and purposeful. Organization development carried implicit values about human nature, individual behavior, and desirable organizational life. Workshops and training programs were frequently used to implement OD efforts.

In the last five years, OD methods of the more-distant past seem to have been incorporated into the repertoire of training techniques. The new OD has been

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conceptualized as concerned with making organizations “excellent” across-the-board and with articulating the components of corporate cultures that spell out how not only managers but all employees should conduct themselves at work. There can be little doubt that this shift in OD should be attributed to the American discovery of Japanese management ideologies and values and a corresponding belief that American managerial shortcomings are partly caused by unarticulated or unformulated core values in the corporate culture. In any event, the high-profile OD of the past seems to have shrunk; and books on corporate excellence and corporate culture have become prominent.

WHAT OD IS TODAY

Organization development is an evolving mixture of science and art. It can be distinguished from other approaches to organizational change in the following ways:

1. *Organization development applies to an entire system.* This system may be a company, a plant in the corporation, a large department, or the like. The organization to be developed (or changed) typically has an identity of its own and sufficient personnel, policy, and budgetary autonomy so that it can make many decisions on its own in the aforementioned areas, even though it is part of a larger system. Put another way, the “organization” in OD must have a certain amount of autonomy and integrity of its own so that if it wants to change, it can do so without being forced to seek approval from higher sources.
2. *Organization development is based on the theory and practice of the behavioral sciences.* It encompasses such microconcepts as leadership/followership, interpersonal communications, and individual learning styles. In addition, it includes such macroconcepts as organizational strategy, structures, and environmental relations. These concepts and the changes that they generate are obviously very different from the technical systems concepts and changes that characterize engineering, operations research, salary administration, or any other similar system used by management for improved efficiency or effectiveness.
3. *Organization development relies on action research.* It is a strategy for planning and implementing change that involves obtaining and using input from those who are knowledgeable about and likely to be affected by that change. In OD it is truly the case that the planning is more important than the plan. The expected end result is not an unchangeable blueprint; instead, the resulting plan is flexible and is often revised as new information is gathered about how the change program is progressing.
4. *Organization development involves the reinforcement of implemented changes.* In OD we are interested in moving beyond the initial attention given to implementing change to a long-term concern over stabilizing and institutionalizing change within a particular organization. The goal in OD is frequently to change a way of life or organizational culture, to supplant the old way of coping with a new way that is better in terms of the goals of human resource management and of top management.

5. *Organization development programs are customized to meet the organization's perceived needs.* True OD is not “canned,” although some purveyors of it misapply interventions as if they were items off the shelf useful for consumption by anyone.

6. *Organization development is intended to improve organizational effectiveness.* This intention involves two major assumptions about what is desirable in life in organizations. One is the assumption that an effective organization is able to solve its own problems. Organization development simply helps organization members to acquire the skills and knowledge needed for this type of problem solving. It *facilitates* the solution of problems; it does not dictate the solution or create dependence on outside experts or on those who are presumed to have superior wisdom. The other assumption is simply that an effective organization has both a high quality of work life and high productivity. The dimension of effectiveness is based on three concepts of operation: (1) the organization complies with the law; (2) it attracts, retains, and motivates employees to perform conscientiously—to do the right things properly; and (3) its performance is responsive to the needs of external groups such as the shareholders, customers, suppliers, and government agencies, all of whom provide the organization with resources and legitimacy (Huse & Cummings, 1985).

This characterization of contemporary OD may seem utopian to the uninformed person and especially the cynic. Considering that there are tens of millions of work organizations in the United States ranging from tiny businesses to large-scale conglomerates, we must admit that OD has been tried by very few firms. Yet those organizations that have introduced OD are most aware of what it takes to succeed in today's ever-changing, highly competitive world markets. In employing OD they are making use of a social technology that enables them to cope. The cynics, skeptics, and nonusers may be coping less effectively.

TYPES OF OD INTERVENTIONS

Interventions are the social technology of OD and are quite numerous. To intervene means to use a particular method commonly known in OD for the purpose of changing the organization in one or more ways. The term “OD interventions” thus refers to the range of planned, programmatic activities in which people participate during the course of a formal OD effort. These are primarily diagnostic and problem-solving activities that ordinarily do not occur without the assistance of an OD practitioner. In OD it is hoped that many of the activities engaged in will become a way of life for managers and/or employees involved as the change effort unfolds over time (French, Bell, & Zawacki, 1983). In this way the participants “learn how to learn”; in experiencing interventions over a period of time (such as three to five years), they build a repertoire of new and more effective behaviors that ultimately contribute to organizational effectiveness.

Interventions may be classified according to the size and complexity of the entity undergoing the change effort. The entity may consist of an individual; groups of two (pairs) or three (trios); a work team of any size, including the formally designated

leader; two or more separate teams that interact with one another; or a total organization. The appropriateness and depth of an intervention depend on the group or entity that is subject to the change. Figure 1 provides examples of types of interventions designed to improve the effectiveness of the entities shown.

Entity	Examples of Appropriate Interventions
Individual	Career- and life-planning designs Coaching and counseling Sensitivity/encounter groups Traditional education/training to increase such skills as technical competence in some field, interpersonal relations, planning, goal setting, etc.
Pairs/trios	Interviews for the purpose of problem diagnosis and action planning Process consultation to improve communication and other interpersonal skills Use of third party to reduce conflict
Team	Team building Improving communications by using interpersonal designs to remove filters, blockages, and distortion among team members Survey feedback
Two or more teams that interact	Conflict-management designs Organizational mirroring Sensing and “owning up” to problems that should be dealt with
Total organization	Implementing management by objectives (MBO), quality of work life (QWL), or a Scanlon plan affecting a large segment of the organization Implementing a strategic-planning process or other major change with organization-wide implications Changing the beliefs, values, and norms in a corporate culture

Figure 1. Interventions Classified According to Size and Complexity of the Entity Undergoing the Change Effort¹

FACTORS GOVERNING THE CHOICE OF INTERVENTIONS

Before any intervention is chosen, one must analyze the nature and hypothetical causes of the change problem or issue that generated the decision to use OD. Problem analysis in OD is constantly taking place and evolving as interventions are tried and modified in connection with the action research. Much of the art of OD consists of choosing, applying, and observing the effects of interventions. The OD practitioner who accepts responsibility for working with the entity undergoing change must excel in this art if the interventions are to have the intended effect and the OD effort not falter because of a lack of movement. The practitioner must have a superb sense of timing and feel for the organization. It is particularly important that he or she be able to halt an intervention,

¹ Adapted from W.L. French, C.H. Bell, & R.A. Zawacki (1983), *Organizational Development: Theory, Practice, and Research* (2nd ed.). Plano, TX: Business Publications. Used with the permission of the publisher.

switch gears, accelerate the rate of change, or make other in-course corrections swiftly so that the OD effort maintains its momentum.

Many students and observers of OD have misunderstood intervention theory and practice, sometimes viewing them as unclear if not downright mystical because they are connected with one's "feel" for an entity's situation or one's innate sense of timing. Yet a review of Figure 1 suggests that if OD practitioners are to assist individuals, groups, or organizations in changing, they must use their professional judgment to determine which methods should be used and how intensively these methods should be applied. When dealing with groups and teams, for example, a practitioner must make highly subjective decisions regarding how extensively to interview and what aspects of interpersonal process should be singled out for changing. Also, in situations involving intergroup relations and total-organizational change, all the interventions used are necessarily heuristic in their initial application and introduction; whether they succeed or fail is surely a judgment that the professional makes based on experience. There are no hard-and-fast rules governing such decisions.

It should surprise no one that interventions have been misapplied or that incompetent practitioners have bungled when using what others would consider tried-and-true interventions. These failures have diminished the credibility of OD. In addition, those practitioners who have excelled in the art have passed on the keys and techniques leading to their successes to corporate training departments. Today such departments often do not hesitate to attempt team-building programs, conduct needs assessments and attitude surveys, offer workshops on management by objectives (MBO), teach problem-solving and decision-making skills, and intervene in a number of other ways. Thus, it can be said that some OD technology has been institutionalized and has become routine in industrial training departments.

POWER AND OD

To date, OD has concentrated less than it should on power and organizational politics as factors blocking and facilitating change. When discussing a particular effort, we practitioners often seem to assume that it has sufficiently high and widespread managerial support to succeed. However, many organizations have never heard of OD and, even if they had, would probably never give it a trial as a change technology because their internal power structures are opposed to change of any kind (Patten, 1981).

OD grew out of theories from social psychology that stressed unblocking individuals by enabling them to "own" their true feelings, to become more open and authentic, and to be more trusting and collaborative in their relations with others. People who have seen power wielded in negative ways in organizations and have been personally victimized resist change and are suspicious of the humanistic emphasis in traditional OD. Power issues are beginning to be addressed because it has been recognized that action implementation in OD depends on correctly calculating the

sources and orientations of the organizational power structure and working within that structure (Patten, 1981).

Broadly viewed, OD interventions as a means for management improvement have been conducted in environments characterized by one of two strategies:

1. *The “normative re-educative” strategy.* This strategy focuses on norms, culture, processes, and prevailing attitudes and beliefs. Change is thought to occur through examination of these norms and through education and re-education in which dysfunctional beliefs are replaced with what are perceived as more functional ones. It is assumed that when individuals, pairs, trios, teams, and larger organizational entities discover new facts, data, and methods of coping as a consequence of OD interventions, they will naturally choose to act in accordance with them (French, Bell, & Zawacki, 1983).

2. *The “power-coercive” strategy.* This strategy is based on a concept derived from political science: change is brought about by the seizure and use of power and the creation of enforcement methods. Those who are in power force compliance with their mandates.

Both of these strategies seem removed from the actual concept and practice of OD. Naked power can be an ugly phenomenon, yet the positive faces of power and politics are as necessary for organizational functioning as strategic planning, budgeting, communicating, and decision making. Successful performance in an environment in which naked power is restrained and politics are based on some kind of a reciprocal give-and-take makes certain requirements of the OD practitioner. He or she needs to know and abide by organizational norms concerning power, play the game according to the rules, influence others and be open to influence by others, and provide something of value to individuals and the organization. He or she must be aware of the power structure and his or her position within this structure.

In general, to be successful in an OD effort, the practitioner should seek, gain, and retain support and sponsorship from top-level managers who are interested in the proposed change. The practitioner also should make certain that the OD effort is designed to be vital and useful and to meet perceived organizational needs. In addition, the effort should reflect excellence in standards and, if possible, be designed to display some early, visible successes (French, Bell, & Zawacki, 1983).

It is also necessary for the practitioner to determine whether a direct intervention into the substance of organizational power issues is needed or desirable. In making this determination, he or she must keep in mind that great danger exists in intervening in this way. In highly political organizations, OD programs usually fail, are summarily terminated, or are never implemented in the first place. The main reason for this is that those managerial power holders whose ascent to power has been based largely on win-lose tactics stand to lose too much if the OD effort succeeds. These power holders are not likely to have any sympathy with such cardinal OD values as the beliefs that collaborative problem solving is preferable to unilateral power wielding or that trust, openness, and collaboration are preferable to doubt, lack of openness, and coercion.

Such people have no desire to empower others, any or all of whom ultimately may be opponents. Perhaps the most important reason for their opposition to OD is that its interventions generate valid, public data about an organization's culture, processes, strengths, and weaknesses. Valid, public data are indispensable to rational problem solving but deadly to politics and loathsome to tenure-concerned power holders (French, Bell, & Zawacki, 1983).

Many firms are managerially unhealthy because politics has supervened—run rampant—and people are sitting tight, defending their empires. The improvement interventions that are most needed are rejected or unwanted. The wise OD practitioner sees the dangers in attempted interventions in such an environment and probably withdraws from the field, which is unfortunate because it is in such organizations that OD is most needed. In a less politically charged situation, the OD practitioner may make interventions guided by the elementary procedural concerns for power and politics previously discussed. The point is that the prudent approach is to analyze power variables very carefully when considering organizational intervention.

CORPORATE EXCELLENCE AND CULTURE

In recent years OD has emphasized the changing of organizational culture, which seems to be a proper focus of attention for today and to have the highest potential impact in terms of change. Until recently a great deal of effort in OD was devoted to working with the individual in the hope that institutional change would follow from changes in the behavior of organizational members.

In retrospect, it seems remarkable that recognition of cultural change as a Gestalt and focus of attention for OD was not given more attention earlier. In social psychology, Gestalt views are age-old and have had many proponents. Therefore, it seems strange that OD practitioners, who are primarily interested in organizations *per se* rather than people *per se*, found that when they commenced OD interventions they directed their change efforts essentially at the individual rather than some other level (not to mention the Gestalt itself).

The current interest in corporate culture is derived mainly from its assumed impact on organizational effectiveness. Four of the best-selling management books of recent years—*Theory Z: How American Business Can Meet the Japanese Challenge* (Ouchi, 1979), *The Art of Japanese Management* (Pascale & Athos, 1981), *Corporate Cultures: The Rites and Rituals of Corporate Life* (Deal & Kennedy, 1982), and *In Search of Excellence: Lessons from America's Best Run Companies* (Peters & Waterman, 1982)—have emphasized culture. Similarly, culture is seen as the major strength of such successful companies as Hewlett-Packard, Xerox, Johnson & Johnson, Procter & Gamble, and many others that continue to get good press.

Many managers have come to appreciate the power of corporate culture in shaping employee beliefs and guiding employee behavior on the job. These managers have started to believe that a “strong” or “appropriate” corporate culture closely linked to

business strategy can mean the difference between success and failure in today's business world (Deal & Kennedy, 1982; Huse & Cummings, 1985; Ouchi, 1979; Pascale & Athos, 1981; and Peters & Waterman, 1982).

Culture is a hoary concept from the field of social anthropology that was articulated by such famous pioneers in the subject as Bronislaw Malinowski, A.R. Radcliffe-Brown, Franz Boas, Ruth Benedict, and Margaret Mead (Malinowski, 1931). The concept was of overwhelming importance in the development of social anthropology and sociology. Its elevation to great importance in OD is new, mainly dating back only to 1979, although some OD specialists recognized the centrality of the concept much earlier (Davis, 1967). For example, the prototype OD effort at the TRW Systems Group in Redondo Beach, California, was defined two decades ago as oriented toward cultural change.

Corporate culture is defined as the pattern of values, beliefs, and expectations shared by the people who work in an organization. It represents the taken-for-granted and shared assumptions that people make about how work is to be done and evaluated and how employees relate to one another as well as to such outsiders as customers, suppliers, and government agencies. The major features of a corporate culture are shared values about what is important and shared beliefs about how things work. The shared values and beliefs of managers and employees affect the company's structure, control system, and people to produce norms about how everyone in the organization should behave (Huse & Cummings, 1985).

Corporate culture is usually taken for granted as "the" way of life in an organization. It is the product of social learning (or socialization) and reflects what has worked well in the past. It tends to remain outside of conscious awareness and is a heritage of values, beliefs, and norms that are implicit, remain unexamined, and are transmitted over the years to those who come to work in a particular organization. Interventions aimed at helping organizations to diagnose their corporate cultures and to change them if necessary are relatively new in OD and are generally carried out by practitioners and consulting firms that claim to have special skills, knowledge, and experience in organizational strategy, design, and culture (Huse & Cummings, 1985).

Much of the emphasis in management in the Seventies on formulating business strategy has now in the late Eighties shifted to altering corporate culture as firms have discovered cultural barriers to implementing proposed strategies. Management groups have questioned whether their companies' cultures are suited to the new environment in an America of recession, deregulation, exceedingly rapid technological change, foreign competition, high labor costs, and volatile markets. They have found that a culture that was once a source of strength can become a major liability in coping with the implementation of a new strategy. They have also found that the three-to-five-year horizon of OD interventions of the past must be extended to five to fifteen years because of the profound nature of cultural change. The longer time frame transcends the career spans of many managers who start cultural-change efforts, and to date almost nothing is known about how well these efforts are working out or how durable they will prove to

be. An experienced observer of the OD scene is likely to develop a *deja vu* feeling about the upsurge in interest in culture and wonder if it will prove to be little more than a fad eventually.

However, at the moment prominent management writers assert that in addition to affecting the implementation of business strategy, corporate culture can affect organizational excellence. Comparative studies of Japanese and American methods of management suggest that the relative success of Japanese companies can be partly explained by their cultures, which emphasize guiding corporate core values and such features as employee participation, job security, an emphasis on quality, substantial doses of training, and collaborative (as opposed to adversarial) labor unions. American firms that articulate core values and implement many of the Japanese management features are thought to have become successful enterprises largely because of these values and managerial features.

But the studies that assert these conclusions, while given widespread attention, have been poorly designed and are largely impressionistic. In fact, a great deal more solid research is needed to assess the impact of corporate culture on organizational effectiveness and to discover the effects of various contingencies on cultural “success” (Huse & Cummings, 1985). Responsible business journalism, which is just as credible in scientific quality as many of the management books on corporate culture, already has undermined the confidence we might have had that such “excellent” companies as Texas Instruments, Atari, Revlon, Digital Equipment Company, Caterpillar Tractor, Fluor, Levi Strauss, and Disney Productions will remain excellent without interruption over the years (Business Week, 1984). Even such historically stellar performers as Hewlett-Packard, Procter and Gamble, and Eastman-Kodak have taken their lumps recently and have had their “excellence” somewhat diminished. Thus, skepticism is warranted concerning the design of excellence programs and the efficacy and permanence of culturalchange interventions.

EVALUATING OD PROGRAMS

As OD practitioners we need to evaluate OD efforts so that we can determine why they succeed or fail; only in this way will we be able to determine how to maintain a positive corporate culture and the excellence that stems from it. Over a decade ago a study was made of cases in which OD failed (Mirvis & Berg, 1977). That study suggested that an independent, third-party evaluator should examine the results of OD efforts; this responsibility should not be left to the designers and implementers of the separate reported efforts. More recently a review of sixty-five published OD studies employing hard criteria measures and carried out by two outsiders concluded that there is a clear trend toward more rigorous methods and designs, especially the use of quasi-experimental designs and sophisticated statistics (Nicholas & Katz, 1985). Nevertheless, in the sixty-five OD studies reviewed, the selection of comparison groups and the

duration of measurement were often inadequate. Many of the descriptions of the techniques and dependent variables were so vague that the results were uninterpretable.

Probably the central task in evaluating OD is to identify the type of change that takes place. In this way one can address the issues of change *in* what and change *for* what.

It seems clear that a single notion of change is inappropriate and may be misleading in evaluating OD efforts. Whether a particular OD intervention has succeeded or failed in bringing about change and how much change has occurred are not the only important concerns. The *concept* of change underlying these concerns is of even greater importance.

Three types of OD-related change can be distinguished: alpha, beta, and gamma. An *alpha* change involves a variation in the level of some existential state, and the change is detected along a consistent measurement scale. A *beta* change takes place when the measurement scale is recalibrated over two or more administrations of the measurement instrument. Beta change often occurs because the values of the people subjected to OD interventions are altered as a result of those interventions; consequently, the measurement instrument acquires different meanings for these values after the interventions. A *gamma* change occurs when, over time, subjects change their fundamental understanding of the criterion being measured (Golembiewski, Billingsley, & Yeager, 1976).

Most OD evaluations have assumed that only alpha changes are relevant. In the typical OD design, a criterion is selected and the change is estimated by fluctuations in the levels of self-reports triggered by the intervention. Yet an intended effect of an OD intervention is often change in the measurement intervals. Put another way, an OD effort can change the very measuring instrument being used to measure the change, namely, produce a beta change of recalibration. Moreover, OD efforts that seek to introduce a new organizational culture are designed with the explicit intention of making gamma changes the prime consequences of the OD effort.

But gamma changes are very difficult to measure for two reasons:

1. The pre-intervention instrument is no longer appropriate because the post intervention state is “off the scale,” meaning that it is a different order of thing.
2. Gamma changes are likely to be hidden by measuring instruments in which their conceptualization and operationalization are rooted in concepts of alpha change. In other words, gamma changes are buried; and, even if surfaced, they become incapable of being measured when the wrong type of yardstick is used.

OD evaluators have typically assumed that they were working along relatively fixed and stable lines of reality when, in fact, the reality may have been changing in several different directions and ways simultaneously. The researchers’ factor control over time may be very poor. One useful solution for measuring change would be to test for incongruence in the dimensions of the perceived psychological domains, such as by comparing the results of factor analyses before and after an OD intervention. Although

this would not help to account for environmental, organizational, and cultural factor variations, it would be a step in the right direction. Another solution might be to scrutinize carefully all results obtained from self-report instruments in order to identify any intervening variables. Still another approach might be to have researchers on the alert for correcting against information obtained from instruments that transparently contain items in which socially desired responses can be chosen (Golembiewski & Munzenrider, 1975). In general, we need more sensitive research designed to screen out variables that interfere with the evaluation of OD efforts.

There is no question that the use of questionnaires in OD evaluation is fraught with dangers. Thus, better results might be obtained from interviews, quantified process observations, and unobtrusive measures. Unobtrusive measures have a number of advantages: the mechanisms for collection are already in place; the data are understood and accepted by organization members; and the measures avoid social-desirability effects. The result should be “hard data” (Porras & Berg, 1978).

It can be seen that the trend in OD evaluation is toward more use of scientific methods and statistical sophistication. The conceptualization of evaluation has improved. With the strong contemporary emphasis on cost containment and implementation of programs, human resource managers are looking today at outcome-oriented objectives as well as interpersonal, process-oriented objectives in OD. This new approach is proving difficult, though, because in a process-oriented field such as OD it is hard to establish clear, relatively fixed objectives at the onset of an OD effort. Indeed, we may have to accept a certain degree of ambiguity in OD evaluation, whether we like it or not. The reason is quite clear based on what OD is and always has been. In order to enable people to become open and authentic and in order to create and maintain trust, the formulation of clear, concrete, and fixed objectives may have to be sacrificed (or at least greatly relaxed). Such objectivity seems contradictory to the subjective nature of human beings and of group process. In any event, formidable problems remain in evaluating OD.

CONCLUSIONS

Organization development today, more than ever, is a diversity of theories, methods, techniques, and views that have to do with improved management. It is concerned both with excellence and with the human treatment of human beings.

An organization is probably well along the way to development when its members can analyze and understand how it is currently functioning and give it the desired direction. Most importantly, such an organization must be willing to evaluate continually all its complex internal and external relationships so that successful coping and problem solving become a way of life. Although the staff human resource manager may logically be charged with the responsibility for OD program planning, design, implementation, evaluation, and results attainment, it is quite clear that the success of

OD depends on the social-psychological and technical support of all members of the organization.

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■ MODEL A: A DESIGN, ASSESSMENT, AND FACILITATION TEMPLATE IN THE PURSUIT OF EXCELLENCE

Gerard Egan

I often ask people who manage the corporations, businesses, institutions, and agencies for which I provide consultancy services the following question: “Would it be useful to have a relatively simple and straightforward shared model, framework, or template that could be used by everyone within your enterprise to assess how things are going, to facilitate their work, and to design new projects?” Although they inevitably answer, “Yes,” they are usually hard put to describe any kind of shared framework actually in place. This paper is about such a framework.

Many models deal with organizational change; far fewer deal with system design, functioning, and assessment. What is needed is a comprehensive model that is not too complex—one that can be used as a guide in designing, facilitating, and assessing an entire company or institution or any of its parts. Such a model must touch all the bases—business in both its strategic and operational dimensions, organization in terms of both structure and the deployment and utilization of human resources within that structure, guidance and facilitation in terms of both management and leadership, and the “shadow-side” realities that pervade every organization.

The focus of this article—Model A—is a template that touches all these bases. It can be used to design, assess, or facilitate the functioning of an entire company or institution, a division of the company, a department of the division, or a unit within the department. It can also be used for any project or program undertaken by any of these.

Outputs—whether products or services—that meet the needs and wants of clients or customers are the focal point of the model. Model A is *dynamic* because it portrays system members as transforming inputs into outputs (see Figure 1).

Model A has four major parts: business dimensions, organizational dimensions, management and leadership, and managing the shadow side of the organization. The elements of these dimensions are identified in the following paragraphs. In the pursuit of excellence, this model takes a “no-formula” approach. That is, in each of these four

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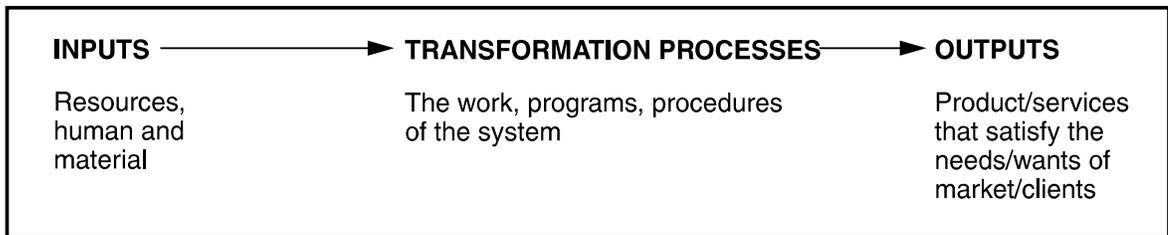


Figure 1. Transforming Inputs into Outputs

areas, the model suggests *principles* of effectiveness. But each company or institution must take these principles and tailor them to its own circumstances. Each must find its own formula. Figure 2 indicates how each of the areas of Model A can contribute to the ongoing pursuit of excellence.

Model A applies to all systems—for-profit, not-for-profit, large, small, start-ups, institutions in need of reform—but applies to each in its own way.

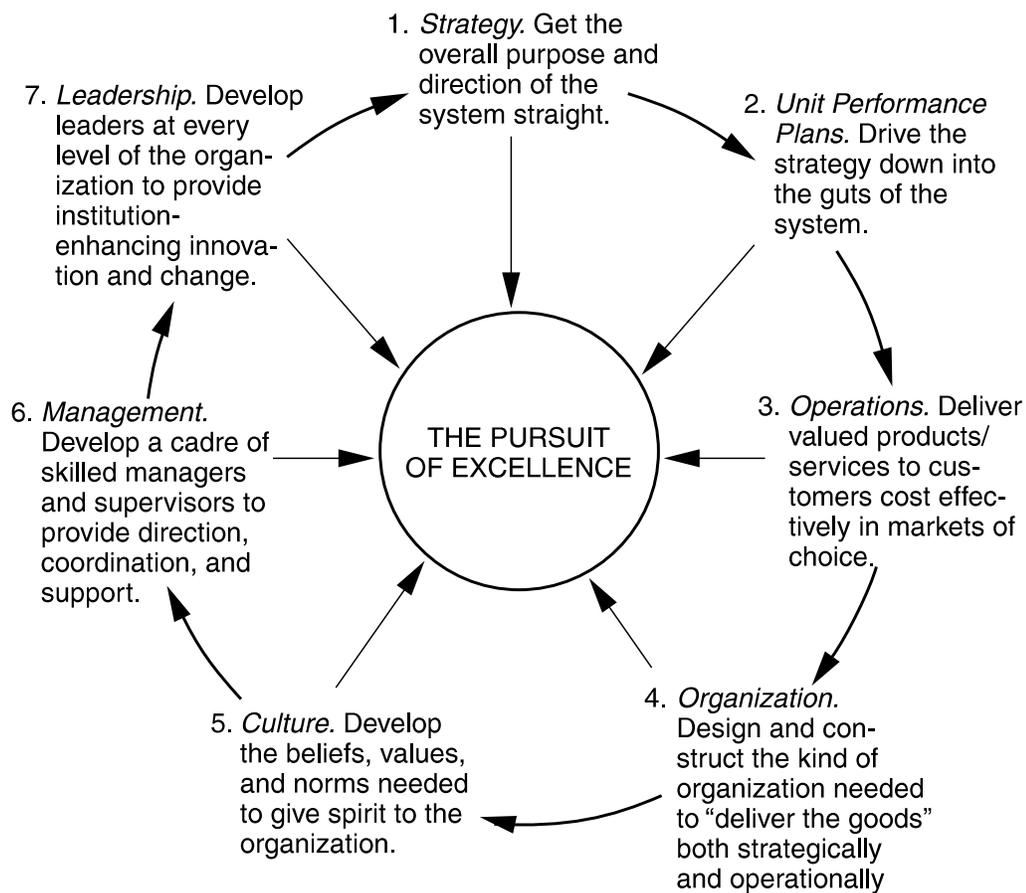


Figure 2. The Logic of the Pursuit of Excellence

I. BUSINESS DIMENSIONS

The business dimensions of Model A focus on the exploration and establishment of markets and the delivery of quality products or services to clients or customers. There are both strategic and operational business dimensions.

Strategic Business Elements

The strategic business elements give direction and purpose to the company or institution. They include the following:

- *Markets, Customers, Clients.* Markets need to be identified; customer needs and wants within these markets need to be explored.
- *Business Environment.* The business environment—competition, economic and social trends, new markets, emerging technology, relevant government regulations, and so forth—needs to be scanned frequently for both threats and opportunities.
- *Mission.* A business mission or overall purpose needs to be developed together with a parallel and integrated people mission.
- *Business Philosophy.* An integrated set of values and policies needs to be formulated to govern the conduct of business.
- *Major Business Categories.* The major categories of products or services to be delivered to customers in selected markets need to be determined.
- *Basic Financing.* The system needs to be established on a solid financial foundation. Many enterprises, poorly capitalized, fail before they really get off the ground.
- *Strategy.* All these elements need to be addressed and pulled together into a strategic plan that sets the longer-term direction and goals of the system.

Operational Business Elements

Operational business elements refer to the day-to-day business of the company or institution. They include the following:

- *Products/Services.* High-quality products and/or services that meet the needs and wants of customers have to be designed, manufactured, marketed, and delivered.
- *Work Programs.* Step-by-step work programs that assure the efficient production and delivery of high-quality products and/or services need to be developed.
- *Material Resources.* Effective programs for choosing and using the material resources, including financial resources, to be used in work programs need to be established.

- *Unit Performance Plan.* Each unit has its own set of operations that contribute directly or indirectly to the delivery of products and services to customers. The unit performance plan sets year-long operational priorities for the unit and links operations to the overall strategy of the enterprise. Linking operations to strategy is critical. Many strategic plans lie in drawers gathering dust because managers have not found ways of getting them into the guts of the system.

II. ORGANIZATIONAL DIMENSIONS

The organization is the way a system structures itself and pulls together its human resources in order to deliver business outcomes. The business should drive the organization. The organization should serve the business. Unfortunately, too many systems become preoccupied with organizational concerns at the expense of the business. That is part of the crisis in both primary and secondary education in the United States today.

The organizational dimensions include the structure of the organization, that is, functional units and subunits, and the deployment and utilization of human resources within these units:

- *Structure and the Division of Labor.* Functional work units need to be established. Within these units, roles with broad charters or clear-cut job descriptions and responsibilities—depending on the circumstances of each system and each unit within the system—need to be set up.
- *Competence.* The units and the people working in the units must be competent, that is, capable of achieving business outcomes. Once jobs with broad role charters or clear-cut job descriptions are established, competent and compatible people need to be hired into these jobs and effectively socialized into the culture of the organization.
- *Teamwork.* Processes need to be established to ensure that units and people within units work together in teams whenever working together will deliver better business outcomes.
- *Communication.* Since communication is the lifeblood of the system, the organizational culture must call for (and individuals must have the skills needed for) effective information sharing, feedback, appraisal, problem solving, innovation, and conflict management among both units and individuals in units.
- *Reward System.* Incentives to do all the above must be provided, disincentives must be controlled, and performance rather than nonperformance must be rewarded.
- *Individual Performance Plans.* A sense of strategy or direction must permeate the entire system. Individual performance plans, established through dialogue between individuals and their supervisors, focus on yearly work priorities for

each person in the system. These plans link individual efforts to the unit performance plan and—through this plan—to the overall strategy of the system. In my experience, if performance-management systems, however they may be named—management-by-objectives, results management, performance planning and appraisal—do not carry strategy, they tend to carry trivia. Then, instead of being an instrument in the pursuit of excellence, they become one more administrative burden.

III. MANAGEMENT AND LEADERSHIP

If all the above is to happen, companies, institutions, and agencies need both effective management and ongoing leadership.

Management

Managers are both managers of process and managers of people. As managers of process, they are responsible for seeing to it that the elements of Model A described above are in place in their companies or units. Effective managers coordinate and facilitate all the business and organizational elements of Model A. They make things happen. However, since they make things happen through others, they are also managers of people. They make sure workers know what is expected of them, create clear paths to goals, provide resources and support, give feedback, monitor progress, and reward performance. Two of the reasons why managers do not manage well are (1) they do not have models of managing either processes or people (Model A provides such models) and (2) they do not get much feedback. Model A emphasizes the importance of developing a “culture of feedback” within the system.

Leadership

Leadership is an interactive *process* involving the leader, team members or associates, and changing situations. Leadership goes beyond effective management to innovation and change. Effective leadership is not predicated on the *traits* of the leader but rather on what he or she actually *accomplishes*. Leadership means (a) developing visions, (b) turning visions into workable agendas or programs, (c) communicating these agendas to others in a way that results in excitement about and commitment to them, (d) creating a climate and ferment of problem solving and learning around the agendas, and (e) making sure that everyone persists until the agendas are actually accomplished. Leadership, in this sense, is at the heart of the unending quest for excellence.

Ideally, leadership can be found at all levels in a company or institution, even though it will take different forms at each level. In that sense, we can talk about:

- Executive leadership
- Managerial leadership

- Supervisory leadership
- Professional/Technical leadership
- Operator leadership

Take operator leadership. Some companies are currently pursuing participative management programs because they find that some of the best business ideas come from hourly employees.

Managers who are leaders keep finding new ways of making the organization serve the business. Leadership does not necessarily mean change in the sense of dramatic breakthroughs. One of the 1988 Toyota models, I am told, had about 140 changes from the 1987 model. Not dramatic changes. Managers who are leaders pursue constant *incremental* change. These small changes constitute the never-ending pursuit of excellence found in Toyota and other Japanese automakers.

IV. MANAGING THE SHADOW SIDE OF THE ORGANIZATION

Although managing the shadow side is not covered in this article, it needs to be mentioned briefly at this point since it pervades everything else.

The shadow side of an organization includes the arational factors that affect the business, organizational, management, and leadership dimensions of the system. Smart managers know how to make both the business and organizational elements of Model A work. On the other hand, wise managers know how to deal with the following elements:

- *The Natural Messiness of Organizations.* Organizations are loosely coupled systems in which the kinds of rationality outlined in Sections I, II, and III of Model A are only approximated. For instance, strategy and operations are not always well integrated. Wise managers are aware of the loosely coupled nature of systems and know how to work with it. They understand not just the formal but also the informal system, knowing when to intervene in it and when to leave it alone.
- *Individual Differences.* Individuals working within systems have their differences, idiosyncrasies, and problems, all of which need to be addressed and managed. Research shows that people in leadership positions often imprint their traits, good or bad, on the organization. Wise managers design technology that people can use and structures within which people can live.
- *The Organization as a Social System.* Organizations are social systems with all the benefits and drawbacks of such systems. Internal relationships and cliques develop that can help or hinder the business of the system.
- *The Organization as a Political System.* Because most organizations must deal with such realities as power, authority, scarce resources, the protection of turf, and differences in ideology, they are by nature political systems. Some people pursue the politics of self-interest, putting personal agendas ahead of the business

agendas of the company or institution. Others understand and manage the politics of the system at the service of system-enhancing agendas.

- *Organizational Culture.* Organizations tend to develop their own cultures and subcultures. The shared beliefs, values, and assumptions in an organization can either enhance or limit the system's effectiveness. The culture is the largest and most controlling of the systems, because it sets norms for what may or may not be done in all the other "shadow-side" areas.

The ability to manage the shadow side of the organization often makes the difference between a successful or unsuccessful manager or between a mediocre and an excellent manager.

THE USES OF MODEL A

Model A is a business, organizational, managerial, and leadership effectiveness model. If shared among all key players in the system, it can provide the following:

- An integrative framework for understanding companies, institutions, and their subunits;
- A template for designing and running a system or any of its parts, projects, or programs;
- An instrument for assessing the effectiveness of a system and for choosing remedial interventions;
- A common language for talking about systems; and
- A map for helping people to understand the *geography* of systems and to make their way around in them.

HOW THE MODEL WORKS

The model can be explained further by a discussion of how the organization can contribute to or stand in the way of business outcomes. If we look back at the overview of Model A, we see that one of the organizational dimensions is *teamwork*, which would be a vital component in the pursuit of excellence. Therefore, we might select teamwork to demonstrate how the model works.

As we have seen above, "processes need to be established to ensure that units and people within units work together in teams whenever working together will deliver better business outcomes." Note that teamwork for its own sake is not being pushed. Indeed, some things are done better by units or individuals in isolation. The effective manager knows when the members of the unit need to come together as a team and when it is better to work alone. Kanter (1983) suggests that one of the principal reasons that companies and institutions fall short of excellence is the "segmentalism" that

plagues most organizations. Units are either indifferent to or even at war with one another. Teamwork is the opposite of and the antidote to segmentalism.

Isolationism and empire building—instead of system-enhancing integration in the subunits—constitute one of the main forms of corporate irrationality. Some institutions have such a history of segmentalism that innovative teamwork between units is all but impossible. Universities, with their untouchable departmental system, are cases in point, as the following example shows:

The psychology and sociology departments at a large urban university, goaded by a few faculty members in each department, had a historic meeting to review ways in which the two could cooperate. Speeches were made to the effect that the age of interdisciplinary research and projects was at hand. The only decision made before the meeting dissolved into a nice social gathering was to meet again “soon.” It was the last meeting the two departments had, and that was over fifteen years ago.

On the other hand, an organizational studies department (OSD) at another university is proactive in establishing and cultivating relationships that will benefit itself, other departments, and the entire university. For example, OSD helped the foreign-student office streamline many of its procedures, which—in turn—reduced delays in getting information to foreign students and in processing papers for visas. This encouraged foreign students to attend that program; foreign students on arrival did not have to face a range of bureaucratic hassles and could get on with the process of learning; students from the United States felt they benefitted from the viewpoints of students from other countries.

The OSD director also met with the director of maintenance to determine how they could collaborate in planning for conferences and workshops. The director of maintenance was floored by the upbeat nature of the meeting. He had never before been asked about collaboration; up to that point, the relationship between maintenance and other units of the university had been either neutral or adversarial. This cut down on logistical problems that often interfere with learning at such meetings.

In trying to increase the effectiveness of interunit teamwork, the following questions can help uncover some important aspects in a company or institution:

- How well do different units work with one another to increase productivity?
- What “empires” have developed and in what ways do they stand in the way of business outcomes?
- To what degree does interunit competition, jealousy, or politics interfere with productivity?
- To what degree does interunit behavior actually decrease productivity?
- What significant partnerships have been established by this unit with key units and what further partnerships need to be developed?
- In what ways does a spirit of interunit teamwork permeate the organization?
- What innovative forms of collaboration can be developed between functions?

Teamwork within units can also serve the business outcomes of both the unit and the entire institution. One disturbing study (Knaus et al., 1986) provides evidence that effective teamwork can, literally, make a difference between life and death, the “business” of hospitals. The focus of the study was the intensive-care units of thirteen hospitals. All hospitals had similar technical capabilities in these units but differed in organization, staffing, commitment to teaching, research, and education. During the period of study, forty-one deaths occurred in the intensive-care unit of one hospital, whereas sixty-nine deaths would have been “normal.” This hospital showed a consistent, coordinated response to patients’ needs and a division of responsibility among physicians and nurses that precluded many problems. The hospital on the opposite end of the continuum had 58 percent more deaths than expected. Not surprisingly, this hospital lacked direct coordination of staff capabilities with clinical demands. There were also frequent disagreements about the ability of the nursing staff to treat additional patients. In sum, leadership was poor, teamwork was poor, and an atmosphere of distrust prevailed.

An effective team is very much like an effective company, institution, department, or project. The following guidelines can help promote business-enhancing outcomes. Before embarking, however, one should make sure that the work will be done better by using a team approach.

1. Choose people who are compatible with the mission of the team and its members.
2. Remain focused on both internal and external customers and their needs; that is, adopt a business rather than an organizational approach.
3. Make sure that the business outcomes of group efforts (products or services to be delivered) are clear.
4. Establish a mode of operating; make sure the team knows how it is expected to work as a team.
5. Coordinate individual efforts.
6. Give teams both responsibilities and the authority needed to execute them.
7. Balance team effort with individual effort.
8. Do not squash individual contributions.
9. Foster the kind of supportive climate that contributes to both improved quality of outcomes and quality of work life.
10. Get expert help outside the team as needed; do not make the assumption that the team has all the resources within itself.
11. Engage in ongoing evaluation of both team outcomes and individual contributions to outcomes. In what way are business outcomes better because of team efforts?

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■ CHARACTERISTICS OF SUCCESSFUL ORGANIZATION DEVELOPMENT: A REVIEW OF THE LITERATURE

Peggy G. Walters

Organization development (OD) as a change strategy for the human side of organizations stems from laboratory training and T-groups developed in the 1940s under the direction of Kurt Lewin (French & Bell, 1984). This review attempts to find consensus as to the processes and outcomes of organization development. Generally, theorists and practitioners agree that a comprehensive OD program should include the following:

- Finding out what is going on in the organization;
- Collaboratively analyzing that information with representatives from the organization;
- Designing activities that will produce a desirable shift in individual, group, and organizational behavior patterns;
- Continuing these activities over a period of time to make the clients independently capable of solving their own problems; and
- Analyzing and evaluating the results.

Critical factors of a comprehensive program that distinguish OD from other planned change efforts are the following:

- Emphasis on collaboration not only as a process but also as an outcome;
- Activities or processes that focus on group development and function, rather than individual development;
- Solutions generated from within, rather than those brought in from outside; and
- Sustained interaction with an organization to help it solve its own problems, rather than a one-time intervention.

These distinguishing characteristics will be examined next as a basis for understanding this particular kind of change effort.

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ORGANIZATION DEVELOPMENT CHARACTERISTICS

Delineating the characteristics of organization development is not a straightforward task. According to Fullan, Miles, and Taylor (1980), part of the difficulty lies in the inherent complexity of OD and part in the lack of clear process measures that can be linked to outcomes. These authors consider the operating characteristics of OD to be embedded in the context of the sequence. Although French and Bell (1984) provide a list of characteristics, most other theorists describe specific processes they deem essential. Dunn and Swierczek (1977) did a retrospective case analysis of sixty-seven successful and unsuccessful change efforts. They tested eleven leading hypotheses about the conditions of successful change efforts, and found little or no evidence to support eight of the eleven. However, they did find low to moderate empirical support for the following three hypotheses:

1. Change efforts in which the mode of intervention is collaborative will be more successful than change efforts undertaken with other modes of intervention.
2. Change efforts in which the change agent has a participative orientation will be more successful than change efforts in which change agents share a nonparticipative orientation.
3. Change efforts employing standardized strategies that involve high levels of participation will be more successful than those that involve low levels of participation. (p. 149)

Their findings on the importance of collaboration and participation in planned change efforts form a basis for predicting the success of organization development. However, much of what has been written about organization development and the outcomes of OD interventions has been based primarily on the values and assumptions of its practitioners. Despite the lack of empirical evidence about what OD is and what it can do for organizations, there is agreement about the general attributes of organization development interventions; Figure 1 lists nine basic characteristics of OD.

Organization Development: Characteristic One

Organization development is a process of planned change in which the nature of the change is defined and owned by the client organization.

Any discussion of characteristics of organization development must begin with the concept of planned change. As Huse and Cummings¹ (1985, p. 19) point out, "though change is inevitable, change that *happens* to an organization can be distinguished from change that is *planned* by organizational members." Virtually every theorist in the field notes that the changes OD serves to bring about are planned, not random.

¹ From *Organizational Development and Change* (3rd ed.) by E.F. Huse and T.G. Cummings, 1985, St. Paul, MN: West Publishing. Copyright 1985 by West Publishing. Used by permission.

Organization Development:

1. Is a process of planned change in which the nature of the change is defined and owned by the client organization.
2. Is based on continual data collection, analysis, and feedback for collective awareness.
3. Focuses on the development of groups and organizations and on individual development as required to improve group functioning.
4. Emphasizes horizontal and vertical collaboration for problem solving and decision making.
5. Uses a variety of planned programmatic activities designed to help an organization become more effective.
6. Advocates that the consultant model the effective behaviors proposed for the clients.
7. Stresses developing the organization capabilities for future problem solving, which often includes developing internal teams (cadres) or organizational specialists.
8. Is a long-term systemic process rather than a one-time intervention.
9. Uses outside consultants, facilitators, and trainers.

Figure 1. Characteristics of Organization Development

In addition, practitioners believe that the planned change must be developed in collaboration with the client group. That is, OD consultants are not engaged to provide solutions for organizational problems but rather to provide a process by which teams, subsystems, and organizations as a whole can develop their own solutions for problems they come to recognize as important. The emphasis here is on the process of planned change. This process of planned change, that which is defined and owned by the client organization, is supported by various researchers (Dunn & Swierczek, 1977; French & Bell, 1984; Fullan, Miles, & Taylor, 1980; Huse & Cummings, 1985; Schmuck & Miles, 1971; Schmuck & Runkel, 1985).

Organization Development: Characteristic Two

Organization development is based on continual data collection, analysis, and feedback for collective awareness.

Data collection, analysis, and feedback are integral parts of the diagnostic or entry phase of the OD sequence. The process is generally collaborative, involving both managers and consultants (Bassin & Gross, 1978; French & Bell, 1984; Fullan, Miles, & Taylor, 1980; Huse & Cummings, 1985; Schmuck & Runkel, 1985). Collection and analysis of data form the basis for action planning and for the design of interventions; often, data analysis is aimed at discovering the causes of specific problems in the organization (Huse & Cummings, 1985). The research and feedback process emphasizes the need for managers to analyze data in collaboration with their subordinates and to design plans together that will bring about desirable changes in the organization.

Note that the collection, analysis, and feedback of data do not constitute a one-time event. This process is used continually during an intervention and plays a role in

formative and summative evaluations as well as in diagnosis, goal setting, action planning, and decision making (Schmuck & Runkel, 1985).

Organization Development: Characteristic Three

Organization development focuses on the development of groups and organizations and on individual development as required to improve group functioning.

The tension between team development and individual development provides another opportunity to distinguish OD from other planned change efforts. Organization development focuses primarily on the organization as a whole or on subsystems of the organization as opposed to focusing on individual development. In management development, for instance, the learner is the individual, whereas in OD, “the learner is the system” (Bolman, 1982).

French and Bell² (1984) summarize two fundamental beliefs held by theorists and practitioners about organizational change:

A fundamental belief in organization development is that the organization does its work through work teams of a variety of kinds and natures. A second fundamental belief is that changing the culture, processes, relationships, and ways of performing tasks within these teams is a way to achieve permanent and lasting improvement in the organization. (p. 101)

This view is echoed by Schmuck and Runkel (1985), who state that the focus on change through subsystems is more effective when emphasis is placed on ongoing work teams.

Organization development does not ignore individual development. Practitioners often work with individual members of teams of subsystems and individual leaders or managers, but the purpose of working with individuals is to improve group functioning (Bassin & Gross, 1978; Milstein, 1976; Schmuck & Runkel, 1985). Fullan, Miles, and Taylor (1980) suggest that the focus on teams, subsystems, and organizations as a whole is one aspect of authentic OD.

Organization Development: Characteristic Four

Organization development emphasizes horizontal and vertical collaboration for problem solving and decision making.

Collaboration is a key to the success of change efforts (Dunn & Swierczek, 1977). Emphasis on collaborative decision making and problem solving can be found in virtually all organization development literature (Bassin & Gross, 1978; French & Bell, 1984; Fullan, Miles, & Taylor, 1980; Huse & Cummings, 1985; Schmuck & Miles, 1971; Schmuck & Runkel, 1985).

Dunn and Swierczek (1977) questioned the importance of multiple foci of change efforts. A related question is the extent to which the collaboration needs to be vertical as

² From Wendell L. French/Cecil H. Bell, Jr., *ORGANIZATION DEVELOPMENT: Behavioral Science Interventions for Organization Improvement*, 3e, © 1984, pp. 80, 81, 101, 215-216, 270, 272, 273. Quotes from French and Bell, which appear in this article, are reprinted by permission of Prentice-Hall, Inc., Englewood Cliffs, New Jersey.

well as horizontal. That is, how many levels in the organization are appropriate for collaborative involvement? For example, Schmuck and Runkel (1985) insist that all levels in a school organization should be involved in collaborative problem solving and decision making, including students and parents. On the other hand, many OD efforts in business begin with top management and work down through work-team leaders but do not necessarily include line workers. Nevertheless, if collaboration is accepted as essential to successful change efforts, it needs to be both vertical and horizontal. However, universal agreement among theorists and practitioners cannot be found concerning the extent of the vertical collaboration.

Organization Development: Characteristic Five

Organization development uses a variety of planned programmatic activities designed to help an organization become more effective.

Practitioners and theorists describe a variety of possible interventions designed to bring about planned change in the client system. The emphasis here is on variety, the concept that there is no one right way to intervene in the client system. Specific activities related to the how-to's of bringing about organizational improvement can be found in Bassin and Gross (1978), French and Bell (1984), Huse and Cummings (1985), Schmuck and Runkel (1985), and many others.

Recently, there has been a shift in the focus of programmatic activities used by OD consultants. Based on their review of the research, Porras and Berg (1978) noted that prior to 1970, 33 percent of the studies reviewed used process training, whereas 27 percent emphasized task training. Since then, task training has risen to 50 percent and process training has dropped to 15 percent. This shift is applauded by Karl Albrecht (1983), who noted that OD programmatic activities such as T-groups and sensitivity training failed to gain credibility with executives and managers who were interested more in task issues than relationship issues.

The particular methods used, whether “proven” or “unproven” have little bearing on the effectiveness of the change effort, according to Dunn and Swierczek (1977). What seems to have a bearing, and what can be concluded from the literature, is that a variety of interventions are associated with improved effectiveness in an organization. In fact, Albrecht (1983, p. 234) includes the following idea in his Ten Commandments for an OD Person: “Have a big bag of tricks; tailor the solution to the problem.”

Organization Development: Characteristic Six

Organization development advocates that the consultant model the effective behaviors proposed for the clients.

Although OD literature is filled with practical recommendations for intervening in the client system, it is also filled with commentary about the skills needed by practitioners. However, Huse and Cummings (1985, p. 399) point out that little research is available on this subject: “Much of the literature consists of a mixture of personality

traits, experiences, kinds of knowledge, and skills assumed to lead to effective practice.” One major exception is a thorough study conducted by sixty-five prominent experts engaged in a futures study of OD. They reached consensus on fifty-four core skills that all OD practitioners should possess and thirty-four advanced skills that would be desirable (Huse & Cummings, 1985). The skill areas delineated include general consultation skills, intrapersonal skills, organization development knowledge and intervention skills, interpersonal skills, research and evaluation knowledge and skills, data analysis, presentation skills, and experience in management.

Modeling credible behaviors is one of the core interpersonal skills identified, but modeling is considered by many theorists and practitioners to be more than just a skill. French and Bell (1984) discuss modeling as a means of applying behavioral science principles and practices to organizations to improve the functioning of the system. They go on to say that practitioners ideally “apply these same principles and practice to their own work. The OD process and the practitioner group typically model the techniques being proposed for the organization; both the program and the practitioners practice what they preach”(p. 80).

Runkel, Schmuck, Arends, and Francisco (1979, p. 130), in their discussion of strategies for consultants, point to the “strong effects of the way the consultants model, or fail to model, and the kinds of norms they urge upon the participants.” Along with Huse and Cummings (1985), they indicate that when consultants practice what they preach, participants tend to learn the skills and behaviors that the consultants are trying to instill in the client system.

French and Bell (1984, p. 81) conclude that modeling is a key component of the maintenance and management of the OD process: “The practicing-what-you-preach aspect probably contributes significantly to bringing about real, genotypic, lasting change in the organization instead of apparent, phenotypic, or ‘pasted on’ change.”

Organization Development: Characteristic Seven

Organization development stresses developing client organization capabilities for future problem solving, which often includes developing internal teams (cadres) of organizational specialists.

Most change efforts focus on solving existing problems or correcting existing deficiencies in an organization. Although this is one goal of OD, what distinguishes OD from other change efforts is its emphasis on developing capabilities within the client system for problem solving after the consultant has gone (French & Bell, 1984; Fullan, Miles, & Taylor, 1980; Huse & Cummings, 1985; Schmuck & Runkel, 1985). Put another way, “The chief goal for organization development is that the [organization] achieve a sustained capacity for solving its own problems” (Schmuck & Runkel, 1985, p. 10).

The second aspect of this characteristic addresses how organizations sustain their problem-solving capabilities. Developing internal change facilitators is specifically addressed in the literature related to OD in the schools and is implied in the general OD literature. Training internal change facilitators has three key advantages:

1. It has a multiplier effect; internal change facilitators can serve as relatively self-sufficient trainers of others (Keys & Bartunek, 1979).
2. It provides for “in-house capability to sustain and support team-building efforts as the need arises” (Margulies, Wright, & Scholl, 1977, p. 437).
3. It provides for the maintenance of the OD program without dependence on the continued intervention of outside consultants (Schmuck & Runkel, 1985).

Organization Development: Characteristic Eight

Organization development is a long-term systemic process rather than a one-time intervention.

Development of client organization capabilities for future problem solving is a process, not an event. Organizational effectiveness and ineffectiveness are on a continuum. Organization development as a process of intervening in the client system does not suggest that after a specific length of time or period of activity, an organization will arrive at effectiveness. Organization development practitioners who work primarily in business and industry do not often refer to how long it takes to bring about substantive change, although they do say that it is an ongoing and lengthy process (Albrecht, 1983; Huse & Cummings, 1985). But those who practice OD in schools are clear that successful change efforts take more than two years to show positive results (Bassin & Gross, 1978; Fullan, Miles, & Taylor, 1980).

Fullan, Miles, and Taylor³ (1980) distinguish authentic OD on the basis of the length of the interventions, among other things. They suggest that “one-shot workshops, training of individuals, etc., may be valuable, but they should be clearly distinguished from OD itself” (p. 173). Moreover, they refer to studies conducted by Wyant (1974) that demonstrated that a little OD could be a dangerous thing: “[Wyant] argued that small amounts of OD training may serve to surface problems, but do not allow for sufficient time to let the staff deal constructively and thoroughly with problems” (Fullan, Miles, & Taylor, 1980, p. 138).

Organization development is not simply long term; it is also systemic. Fullan, Miles, and Taylor (1980) suggest that an OT label, indicating organizational training, should be used to distinguish OD from other types of programs that may conform to one or more characteristics of OD but have little impact on the organization:

Programs that do not focus on a significant proportion of the organization qua organization (as distinct from focusing on individuals or isolated subgroups) are probably not OD. Approaches that involve training without links to the development of structures and processes to improve organizational functioning and the quality of life of its members are also not OD, as defined by most theorists and practitioners. (pp. 173-174)

³ From “Organization Development in Schools: The State of the Art” by M. Fullan, M. Miles, and G. Taylor, 1980, *Review of Educational Research*, 50(1), pp. 121-183. Copyright 1980 by the American Educational Research Association. Quotes in this article are reprinted by permission of the publisher.

Organization Development: Characteristic Nine

Organization development uses outside consultants as catalysts, facilitators, and trainers.

An examination of this characteristic of organization development leads to two questions: (1) Is there consensus on the use of outside consultants? and (2) Is there consensus on what they should do? The answer to both questions is a qualified yes.

French and Bell (1984) believe that organizations are better served by outside OD specialists who are free of the constraints of the organizational culture and who can take a more neutral role in working with members of the organization; however, they do not dismiss the possibility of an internal person's assuming the role of organizational specialist from the beginning. Albrecht (1983), on the other hand, states that all managers can understand and use OD processes; he sees the services of an outside consultant as useful but optional.

The role that outside consultants should play in OD interventions finds greater agreement in the literature. French and Bell (1984) contend that the OD consultant is a facilitator, assisting the client organization in the way it goes about solving its problems. Bassin and Gross (1978) include the concept of the consultant as the trainer of the principal, the internal change agent, and the team. Fullan, Miles, and Taylor (1980) note the "multiplier" effects when outsiders provide training to internal trainers. Most of the interventions reviewed by Fullan, Miles, and Taylor used outside OD consultants as catalysts for beginning planned change efforts.

Consultants traditionally are used to help the "organization members identify problems and potential solutions; to help them study what they are doing now and consider alternative behaviors and solutions" (Huse & Cummings, 1985, p. 403). However, the role of OD consultant is expanding to include the expert role and is seen by Huse and Cummings (1985, p. 403) as "falling along the entire continuum from client-centered to consultant-centered."

EXPECTED OUTCOMES OF ORGANIZATION DEVELOPMENT INTERVENTIONS

The primary goal of OD is to improve "organizational functioning and performance" (Fullan, Miles, & Taylor, 1980, p. 135). Of the operating characteristics described previously, the most important is generally viewed as the emphasis on developing client organization capabilities for future problem solving; this often includes the development of internal teams (cadres) of organizational specialists. However, many practitioners and theorists have more specific expectations regarding the outcomes of OD interventions. They try to determine what improved organizational functioning and performance will look like in each organization. In this way, the expected outcomes determine the focus of each intervention.

Improved organizational functioning is difficult to measure unless specific outcomes are delineated as the focus of the intervention. Depending on the approach used to improve organizational effectiveness, expected outcomes might include

increased productivity, improved communication, improved staff morale, increased participative planning and decision making, increased job satisfaction, and improved reward systems (Albrecht, 1983; French & Bell, 1984; and Huse & Cummings, 1985).

INSTITUTIONALIZATION OF ORGANIZATION DEVELOPMENT

Institutionalization also relates to the outcomes of OD interventions. Expected and desirable outcomes, however they are defined by practitioners and clients, will be more significant if they are long lasting. It is necessary, therefore, to review what practitioners and theorists say about the institutionalization of OD processes in client organizations and the factors that influence it.

Institutionalization, according to Huse and Cummings (1985, p. 564), “refers to making organizational changes a permanent part of the organization’s normal functioning.” Institutionalization of organizational change is linked to success of the intervention, which is measured by the positive outcomes perceived by the clients. Positive outcomes, in turn, can be traced to effective and sophisticated application of the essential operating characteristics of OD. Fullan, Miles, and Taylor (1980) describe the institutionalization of change in schools this way:

Prospects for longer term *institutionalization* (e.g., after the first 2 years of activity) can be traced to the previous two phases [entry and start-up and initial operation]. If active involvement of administrators, use of district funds (as opposed to total reliance on external funds), interaction of OD with educational issues of concern to teachers and administrators, and development of internal consultant capabilities at the coordination and school levels have not been the foci of the entry and transition phases, it is unlikely that the program will survive beyond the first 2 years or so. (p. 151)

In their review of the institutionalization of planned organizational change, Buller, Saxberg, and Smith (1985, p. 189) describe the theoretical foundations “and systematic application of the process by which changes are accepted and become a permanent part of the organization.” They examine issues of resistance to change, systems theory, and the three phases of the change process identified by Kurt Lewin: unfreezing, moving (or changing), and refreezing. Next, the authors develop a conceptual model of the institutionalization process, based on an interaction of individual, group, organizational, and environmental factors. Many of the factors included in their model relate to the characteristics of successful school change programs synthesized from the research of Berman and McLaughlin (1977); Clark, Lotto, and Astuto (1984); Fullan, Miles, and Taylor (1980); Huberman and Miles (1984); Purkey and Smith (1983); and Schmuck and Runkel (1985):

- Clear goals and expectations;
- Collaborative planning and problem solving;
- Flexible programs based on local choice;
- Training, technical assistance, and follow-up;

- Development of internal change facilitator capabilities; and
- System-wide support.

There are almost as many lists of factors influencing institutionalization as there are theorists and practitioners. Huse and Cummings (1985) describe five features of interventions and five processes operating within an organization that affect the degree of institutionalization (Figure 2).

Intervention Factors	Organization Factors
1. <i>Goal Specificity</i> : How specific are the intervention goals?	1. <i>Socialization</i> : What information is transmitted about values, norms, and preferences with respect to the intervention?
2. <i>Programmability</i> : To what extent can the changes be programmed?	2. <i>Commitment</i> : How are people committed to the new behaviors?
3. <i>Level of Change Target</i> : To what degree is the change target the total organization?	3. <i>Reward Allocation</i> : How are rewards linked to the new behaviors required?
4. <i>Internal Support</i> : To what degree is there an internal support system to guide the change process?	4. <i>Diffusion</i> : To what extent do the interventions transfer from one system to another?
5. <i>Sponsorship</i> : Is there a powerful sponsor who can initiate, allocate, and legitimize resources for the intervention?	5. <i>Recalibration</i> : To what extent can deviations from the desired intervention behaviors be detected and corrective action taken?

Figure 2. Factors Affecting Institutionalization

French and Bell (1984) describe twelve conditions they see as important to the evolution and institutionalization of OD efforts:

1. Perceptions of organizational problems by key people and perceptions of the relevance of the behavioral sciences in solving these problems;
2. The introduction into the system of a behavioral scientist-consultant;
3. Initial top-level involvement, or at least support from a higher echelon with subsequent top-management involvement;
4. Participation of ongoing work teams, including the formal leader;
5. The operationalizing of the action research model;
6. Early successes, with expansion of the effort stemming from these successes;
7. An open, educational philosophy about the theory and the technology of OD;
8. Acknowledgment of the congruency between OD and many previous effective management practices;
9. Involvement of personnel and industrial relations/human resources management people and congruency with personnel policy and practice;
10. Development of internal OD resources and facilitative skills;

11. Effective management of the OD process and stabilization of changes; and
12. Monitoring the process and measuring the results. (pp. 215-216)

The factors that theorists and practitioners have developed to explain institutionalization show that OD is a complex and circuitous process. In addition, note that the factors that influence institutionalization are very similar to the factors that influence the initial adoption. That is, an integral relationship exists between the focus and expected outcomes of the intervention and the extent to which OD processes will continue to be used in an organization after the intervention consultants have departed.

EVALUATION OF ORGANIZATION DEVELOPMENT INTERVENTIONS

Evaluating OD is a difficult task. Most studies reported “have had methodological weaknesses, including measurement errors and artifacts, over-reliance on questionnaires, lack of adequate controls, and failure to follow the program for a sustained period” (Fullan, Miles, & Taylor, 1980, p. 170). However, since 1970 more research studies have been conducted by using quasi-experimental designs and sophisticated statistical analysis (Porras & Berg, 1978).

Problems in Evaluating Organization Development

Armenakis, Feild, and Holley (1976), French and Bell (1984), and Huse and Cummings (1985), discuss some critical problems in OD research related to internal validity. Without using an experimental or carefully developed quasi-experimental design, researchers have a difficult time discounting rival hypotheses of history, maturation, testing, instrumentation, regression, selection, mortality, and the interaction of selection and maturation (Armenakis, Feild, & Holley, 1976). For instance, organizations are very “noisy” environments. That is, at any given time, many changes, planned or unplanned, may be taking place. Was improvement in staff morale a direct result of an intervention if, during that intervention, there was also a pay raise?

Testing and instrumentation also present problems in OD research. “Participants in the OD effort may attempt to respond to subsequent administrations of the same or similar questions differently because the first administration might make them sensitive to what is desired by the OD change agent” (Armenakis, Feild, & Holley, 1976, p. 1154). Problems in instrumentation can occur, especially with the use of self-report questionnaires. As a result of interventions, baseline measurement can change because of the effects of the treatment. Scarpello (1983) provides this example:

When obtaining participant reactions to human process interventions it is important to recognize that these interventions are intended to change participant self-awareness. Consequently, when evaluating their OD experiences, participants are likely to use a different frame of reference, or baseline, than they would have used on a pretest measure. Due to change in baseline used, comparison of pretest to posttest scores would provide inaccurate assessment of change. (p. 25)

Selection of control and experimental groups may also produce bias. French and Bell (1984) point out that:

Random assignment is often difficult to achieve in field research. Organizations involved in OD self-select themselves to engage in such programs and would probably be unwilling to be placed in a “no-treatment” group for research purposes. Furthermore, an organization hostile to OD is in the “no-treatment” group for very definite reasons. (p. 272)

French and Bell (1984) discuss additional problems in conducting research on interventions. For example, they state, “One of the first problems in research on organization development is that X and Y are not precise terms” (p. 270). There are endless varieties of interventions (X) and ways to look at improved organizational effectiveness (Y). Problems with external validity and the ability to generalize cause French and Bell to conclude that although some techniques or treatments might be widely applicable, others will be situation specific. Finally, they note problems with lack of theory and contend that “OD research is not theory-guided research; in fact, there is essentially no comprehensive theory to explain the process of planned change in organizations” (p. 273).

What to Evaluate

In spite of the problems in evaluating interventions, the literature includes many examples of what to evaluate and how to do it. Although most researchers attempt to evaluate both process variables and outcome variables, many point to changes in process as an outcome. Evaluating outcomes means evaluating changes in organizational functioning and performance, which can include increased productivity, improved communication, improved staff morale, increased participative planning and decision making, increased job satisfaction, improved reward systems, and other site-specific changes thought to be desirable.

Schmuck and Runkel (1985) cite Aoki’s three directions for evaluation—the ends-means, the situational, and the critical:

The ends-means orientation asks whether an OD project produced a preconceived outcome, the situational whether participants and other stakeholders are brought into fulfilling ways of working together, and the critical whether school and community are being shaped to expand human potentiality. (p. 417)

They recommend evaluating client organization gains regarding the four meta-skills (diagnosing, searching for information and resources, mobilizing synergistic action, and monitoring the first three skills) as a frame for evaluating OD.

Huse and Cummings (1985) recommend measuring outcome variables as well as intervention variables. Implementation must be empirically determined because “outcome measures are ambiguous without knowledge of how well the intervention has been implemented” (p. 380).

How to Evaluate Organization Development

In addition to recommendations for more empirical and fewer qualitative methods of evaluation, the literature reviews the kinds of measures that should be used to evaluate OD interventions. Despite a consensus that evaluations rely too heavily on self-report questionnaires, most studies still use that form of data collection.

Schmuck and Runkel (1985) provide lists of questions that clients might be asked regarding the four meta-skills of diagnosing, searching for information and resources, mobilizing synergistic action, and monitoring the first three skills. Huse and Cummings (1985) refer to a growing number of standardized instruments that can provide valid and reliable measures of both outcome and intervention variables. They note, however, that custom-designed instruments can focus on site-specific outcomes and intervention techniques that may be overlooked in standardized instruments. They caution that “the major drawback of such specialized instruments, however, is their validity and reliability” (p. 381).

The need for multiple methods of measurement is addressed by many theorists and practitioners. Huse and Cummings (1985) recommend minimizing the use of obtrusive measures (such as questionnaires) and concentrating on unobtrusive measures that could be used repeatedly (such as examination of company records). They contend that “used together, the two kinds of measures should produce accurate and nonreactive evaluations of the intervention” (p. 383). They also recommend the use of interviews. Porras and Berg (1978, pp. 170-171) advise “a strong shift toward the use of interviews, quantified process observations, unobtrusive measures, and phenomenological approaches to supplement (not replace) the questionnaire method of data collection.”

Many of these multiple methods still produce “soft” data; indeed, it is problematic to rely on “hard” data alone to evaluate the results of interventions. This is particularly true for schools; student achievement (as measured by standardized tests), student attendance, and other hard data certainly are influenced by multiple variables, one of which might be an intervention.

Finally, assessments of interventions should be designed to do more than provide information for summative evaluations. Rather, organization development is based on continuous data collection, analysis, and feedback for collective awareness. Fullan, Miles, and Taylor (1980) provide an excellent summary of OD evaluation, when they describe the five criteria for designing an effective assessment approach suggested by Nielsen and Kimberly (1976):

1. Identifying the kinds of information available, and the skills necessary to analyze it;
2. Deciding what to assess (defining the precise impacts expected);
3. Measuring the consequences, in terms of specific outcomes;
4. Using time series data collection (i.e., data collection appropriate to OD); and
5. Making explicit the cause/effect assumptions being made. (p. 169)

Despite the increased attention paid to evaluation of interventions in recent years, more is needed, according to Fullan, Miles, and Taylor (1980). They, among other theorists and practitioners, recommend that both “assessment and feedback should be established as an integral part of all OD designs” (p. 169).

SUMMARY AND INSIGHTS

This review of the literature attempts to find consensus among theorists and practitioners about the processes and outcomes of organization development. Although Fullan, Miles, and Taylor (1980) note that OD theory is not particularly crisp, French and Bell (1984) claim that there is no such thing at all as a comprehensive OD theory. Rather, organization development is based on a set of concepts, values, assumptions, and goals rooted in the applied behavioral sciences.

Even if OD is not theory driven, there is some agreement about what OD is and what it is not. Organization development is more than a sequential model for facilitating change in an organization; it has specific operating characteristics that transcend sequence. Understanding the general operating characteristics provides criteria against which to measure OD efforts, in order to determine if they are authentic interventions and if they produce measurable outcomes.

Attempts have been made to identify agreements and clarity in the literature, but OD remains complex and idiosyncratic as practiced by a large number of specialists. Golembiewski (1973) expressed concern about the “black-box phenomenon” that characterizes the process by which change occurs in OD interventions. This factor is one reason that Fullan, Miles, and Taylor (1980) call OD a poorly understood and poorly packaged innovation. Organization development literature is directed primarily to practitioners and focuses more on how to do OD and on what kinds of strategies work with which groups than on making it comprehensible to client organizations. Demystifying organization development makes it understandable and therefore more useful to clients.

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■ CULTURAL DIVERSITY AS A DEVELOPMENTAL PROCESS: THE PATH FROM MONOCULTURAL CLUB TO INCLUSIVE ORGANIZATION

Frederick A. Miller and Judith H. Katz

Abstract: Building a high-performing inclusive organization is a developmental process requiring new styles of leadership, thinking, communication, problem solving, and strategic planning. The process also requires new organizational structures, practices, benefits plans, behavior patterns, values, goals—in short, a complete systemic overhaul.

In this article, the authors present a model of “The Path,” which consists of the following five stages: (1) Exclusive Club, (2) Symbolic Difference, (3) Critical Mass, (4) Acceptance, and (5) Inclusive Organization. In addition to describing the characteristics of each stage, they also describe appropriate interventions.

It is important to note that different identity groups within a single organization may be at different stages along the Path. As more and more groups reach the stage of inclusion, an organization gains greater ability to respond quickly to change and to position itself more effectively for the future—a future in which speed, vision, and flexibility will be essential components of success.

Many people think making the transition from a monocultural to a culturally diverse, inclusive organization is like turning on a light switch—simply wire in the right number of people of different races, genders, abilities, and nationalities, and turn on the power.

Experience shows this is not the case. Diversity cannot be reduced to numbers and tolerance. Inclusiveness is far more than Equal Opportunity, Affirmative Action, hiring quotas, and breaking barriers. Although all these factors may play a part in the change process, none implies the range of fundamental changes in organizational thinking, culture, rules, processes, and practices that must happen en route to becoming a high-performing, culturally diverse, inclusive organization.

Hiring a diverse group of people will not make it happen, although diversity cannot be achieved without it. Tolerance for differences will not make it happen, although tolerance is a necessary stage of the process. Acceptance of differences will not make it happen, although that is a necessary stage as well.

Achieving a successful, inclusive, multicultural organization requires embracing and tapping diversity as a route to success. It requires new styles of leadership, thinking, communication, problem solving, and strategic planning. It requires new organizational structures, practices, benefits plans, behavior patterns, values, goals—in short, a complete systemic overhaul.

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DEVELOPMENTAL STAGES

Like Rome, a high-performing culturally-diverse organization cannot be built in a day, during a week of consciousness-raising, or even in a month of intensive workshops. Just as every human being must undergo a developmental process to reach adulthood, organizations must experience a series of developmental stages to achieve the enriching benefits of diversity.

These developmental stages have a natural order and progression; passing through them requires the sustained effort of planned, systemic change over a period of years. Just as children must crawl before they walk, organizations cannot expect to skip directly from monoculturalism to inclusiveness. And just as children inevitably start by falling frequently, the route to inclusiveness is not often traversed without bumps and bruises.

However, unlike with humans, progression in organizations is not inevitable. Left to their own devices, children will grow up. Organizations, on the other hand, will tend to remain the same for as long as possible.

CONSEQUENCES OF FAILURE

Although forces exist to pressure organizations toward it, inclusiveness does not happen of its own accord. This can be considered a true evolutionary process, a response to a changing environment that requires the extinction of unsuccessful adaptations to those changes.

Multinational companies, world markets, advances in communications technology, and the reality of the “global village” have created an environment that increasingly requires organizations to be inclusive. Global competition requires increasingly high productivity as well. In the course of the next twenty-five years, organizations that do not adapt successfully will disappear.

The result will be a norm of inclusive, multicultural organizations. But this evolution will be far from smooth, with many potential casualties on the way. For an organization to ensure its survival, its leadership must actively steer toward inclusiveness. Although successful adaptation might happen naturally, evolutionary odds are against it.

THE PATH

Knowing what to expect on this journey can help members of organizations to develop realistic expectations about the challenges that lie ahead. Identifying where an organization is along the path from exclusion to inclusion can make it easier to develop effective interventions for moving the organization farther along the continuum. Using the developmental model of “The Path” (Figure 1) as a road map can help an organization avoid some bumpy ground without getting lost along the way.

One of the values of this model is in identifying the need for different leadership imperatives at different stages. Strategic initiatives and cultural change interventions that might be effective at one stage along the continuum might be disastrous at other stages. For instance, an aggressive multicultural recruiting program would be counterproductive in an organization whose culture, practices, and reward systems are exclusive and monocultural.

Diagnosing the organization and determining where it is on The Path makes it possible to tailor interventions based on that point, rather than force-fitting the system to the intervention. In large organizations, it is inevitable that some business units, divisions, or groups will be farther along The Path than others. Force-fitting all

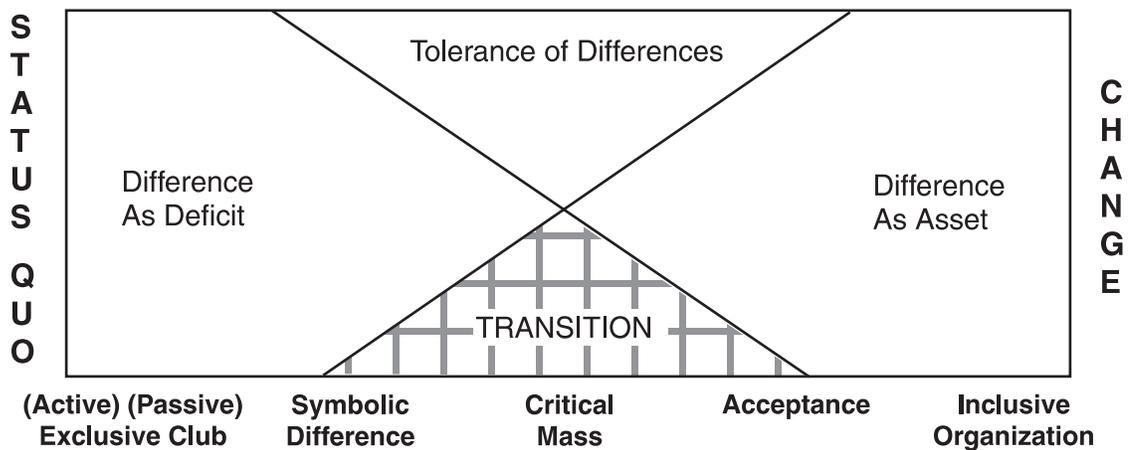


Figure 1. The Path from a Monocultural Club to an Inclusive Organization¹

segments of the organization to the same intervention is wasteful and counterproductive, leading to strong resistance and backlash reactions. Diagnosing each organization individually and tailoring appropriate interventions are critical steps to success.

Stage 1: Exclusive Clubs

Exclusion can be active or passive. Active, purposeful exclusion occurs in groups that victimize others based on such factors as race or ethnicity. This kind of exclusion is easy to recognize, ranging from elite clubs to more radical groups with no tolerance for cultural difference. More difficult to identify is exclusion that is practiced passively without malice and without purpose—for example, by people who are comfortable only with one another.

Virtually all organizations in the United States started as monocultural “clubs.” Many actively pursued exclusionary practices through explicit bylaws or covenants—

¹ This model, now known as Multicultural Organization Development (MCO), was originally presented in “Racial Awareness Development in Organizations” (*Working Paper: New Perspectives, Inc.*), 1981, Bailey Jackson, Ed.D., Rita Hardiman, Ed.D., and Mark Chesler, Ph.D. See Jackson and Holvino (1986) and Jackson and Hardiman (1994). The original concept was adapted by J.H. Katz and F.A. Miller in 1986 (“Developing Diversity,” The Kaleel Jamison Consulting Group, Inc.) and continues to evolve.

policies specifically excluding women, people of color, members of different religions, different classes, various ethnic groups, or certain sexual orientations. Such groups' bylaws may extend membership only to those who fit the normative or cultural model of the group (e.g., men of Italian descent, Jewish businesswomen, Harvard graduates, African American men, former members of a specific college fraternity, people with IQs over 140, or military veterans). Alternatively, their rules may require a potential new member to be nominated by a current member and be approved virtually unanimously by the existing members.

Most of today's large corporations started as small, monocultural groups because the founder hired people with whom he or she felt comfortable. As the corporations grew, their personnel policies tended to reflect the needs and experience of the founding populations, perpetuating their cultures and ways of doing business. Vestiges of those policies are still common today.

Such policies may not specifically exclude people who are different from the founding group, but nonetheless, they do so rather effectively. Until fairly recently, for instance, companies requiring certain advanced degrees could rest assured that virtually all "qualified" candidates would be white, male, and from the same small group of universities. Similarly, for many years, the height and weight requirements of many law enforcement agencies effectively excluded most women, Latinos, and Asian Americans. These requirements had been based on averages for white men; when they were changed to be more inclusive, those resisting change cried out against "lowering the standards."

Passively exclusive organizations may not have exclusionary policies in their bylaws, but in effect maintain an exclusionary environment. The verbal message may be one of acceptance, but the reality is just the opposite. For example, a woman interviewing for an executive-level position in a large corporation may encounter a very tangible indicator of passive exclusion when she finds that the only washroom on the executive level is a men's washroom. Many theoretically "equal opportunity" fire departments, naval vessels, athletic teams, and country clubs offer women that same experience.

Policies and procedures of passive organizations tend to reflect their monocultural origins and continuing monocultural bias. Performance appraisal systems, family leave policies, benefits plans, and communications systems are often designed to favor those who fit in with the founding or leadership group in appearance, style, and behavior: people who do not make waves.

Intervening in Exclusive Clubs

For an Exclusive Club, a culturally diverse recruitment program makes no sense; a first step should be to extend greater flexibility to the founding members and those already present in the organization. Bringing new members into the group and giving them flexibility without extending that same flexibility to the original members will result in resentment toward the new members, expressed in these or similar terms:

- "Why can that person be different when I'm not allowed to be?"

- “Why are we making exceptions for them?”
- “Why are we lowering our standards?”

Another primary intervention should be to engage the organization in establishing a “Business Case” for diversity. Unless the organization’s leadership and membership both can clearly see their own interests being served by a change in behaviors and values, the change will not come about. Self-interest remains the strongest motivator for change.

Stage 2: Symbolic Difference

A monocultural organization’s opening of its doors to an outsider may be a symbolic gesture toward diversity while its norms remain monocultural. Whether the newcomer was recruited because she or he was the best qualified person, because of a need for unique skills, because of equal employment opportunity goals, to comply with legislation (e.g., the Americans with Disabilities Act), or because of a desire to join in the diversity movement, the group expects the newcomer to fit in to the existing group culture—to leave all cultural differences outside.

In the United States, the nineteenth century image of the “melting pot” was an insidiously successful example of this kind of experiment in tolerance. The more people with differences learned to blend in, the more they were accepted.

In today’s world, the melting pot of assimilation no longer works. Modern-day experiments in tolerance can bewilder someone who was recruited because of his or her differences. A Latino or Latina may have been promoted to an executive position to help improve product quality or hired to provide insights into a potentially lucrative new market—and then censured for not adhering to the accepted behavior patterns of the founding group’s corporate culture, expressed as follows:

- “Don’t get excited or argue or disagree at staff meetings.”
- “Don’t make us feel uncomfortable by talking with an accent or writing in a style that is not like ours.”
- “Don’t try to change anything.”

Symbolic Difference organizations often characterize themselves as “fair” because they are “color-blind” or “gender-blind” in their actions, policies, and practices. They make sure that women, people with disabilities, and members of designated racial groups receive equal opportunities—as long as they behave like white men. All are given the opportunity to become “one of the boys.”

Rather than expecting the organization to change to accept a wider range of cultural expressions, newcomers are expected to adopt the organization’s existing culture. To survive, they must learn to fit in. Those who do not fit in are eventually cast out; they leave, are fired, or get isolated in positions in which they cannot disrupt the mainstream operations of the organization.

Pioneers

In many organizations, addressing the issue of diversity has meant bringing in one member of a different identity group. Although more commonly referred to as “tokens,” these first outsiders are true pioneers. In order to blaze a trail for themselves and others like themselves, these pioneers make sacrifices. Those in the prevailing culture rarely see or understand these sacrifices. Those who follow the pioneers may not appreciate or even approve of these sacrifices. The next generation may not give the pioneers proper credit or support for the burdens they have borne. Instead, they may condemn the pioneers for acquiescing to the prevailing culture.

In the eyes of the mainstream organization, these pioneers represent all of an identity group (e.g., *all* women, *all* people with disabilities, *all* Asians). If a woman learns to fit in successfully by adopting the prevailing modes of behavior, her organization may feel more comfortable about hiring more people *just like her*. If the first white woman in upper management acts sufficiently like a white man—sometimes called “an honorary man”—she potentially opens the way for more women, but the personal cost is usually high.

Questions about identity abound for pioneers. They can get used to the ones such as these from their colleagues:

- “What’s it like to be [one of your kind]?”
- “Why aren’t more [of your kind] like you?”

However, the questions pioneers ask themselves can be harder:

- “Who am I, and where do I fit?”
- “Is this worth it?”

Few organizational pioneers get to their desired destinations. Some give up and leave; some spend their entire lives isolated, without support, continually struggling; and some achieve great success, but at great personal cost. But most are blocked and have to settle before they reach their ultimate goals. Many choose to stop fighting and try to find comfort where they can.

Champions

In most monocultural organizations, pioneers are preceded by a champion who decides to break the rules. Although champions may be leading members of their organizations, their roles change once they break the rules. Their motives and loyalties may be questioned, they can become isolated and diminished, and their careers may be jeopardized. In fact, champions often become pioneers in their own right. They may not appear to be different, but they become pioneers in their behaviors and in their conviction and commitment to difference. Just as the first pioneers are often criticized and dismissed by those that follow, champions are often criticized and not fully appreciated for their risk taking and their efforts to change the rules.

Roles That Pioneers Must Play

A job description for an organizational pioneer would probably unnerve the average applicant. Following are some of the job's requirements:

- More than competent to do the job.
- Able to fit into the organization and its culture.
- Willing to take responsibility for making other members of the organization comfortable.
- Willing to accept the spotlight and the visibility of being the only one of a certain "kind."
- Able to represent an entire identity group.
- Capable of disproving colleagues' preconceptions about members of that identity group.
- Willing to accept and work to overcome colleagues' discomfort, inability to communicate, and differing standards.
- Able to deal with constant questioning as to whether the job was attained because of competence or difference.

Intervening at the Symbolic Difference Stage

In a Symbolic Difference organization, a recruitment program *does* make sense. Also important would be to help people understand the price that new members must pay to be pioneers in the organization, to find ways to bring in more pioneers, and to find ways to support these pioneers by changing the systems and processes of the organization.

One question for an organization's leaders should be "Are we giving our pioneers the support they need to survive?" But a more fundamental question might be "Do we even know who our pioneers are?" Without support systems in place, the rate of attrition for pioneers in any organization will be high. And even with support systems, it can be very stressful to be an "only." The best support for pioneers is more pioneers.

Stage 3: Critical Mass

As an organization continues to add members who are different from the original group, many things begin to change. The old monocultural norms and stereotypes no longer fit, but there are no new standards and procedures to take their place. If the path to inclusion is a chain reaction, this is the point of Critical Mass. Tolerance for individual and group differences becomes of major importance. This also includes tolerance for uncertainty, tolerance for mistakes, and tolerance for conflict. Individuals' and the organization's capacity for tolerance seems to stretch toward the breaking point.

This can be a critical stage for organizations that have committed themselves to diversity without committing to strategic cultural change. Achieving a culturally diverse

organization requires a commitment to create an environment that accepts, supports, and encourages diversity through the systems, networking, communications, leadership, behavior, and vision necessary for success.

When an organization reaches this stage without a commitment and a plan for strategic cultural change, confusion reigns. Productivity plummets, turnover runs rampant, and costs for recruitment and training skyrocket. This is often the time when diversity efforts stall and suffer from backlash; many are abandoned. Amid the conflict, chaos, and upheaval of culture change, the “good old days” look particularly good. Going back always seems easier and quicker.

When white women, women of color, men of color and people with different styles, disabilities, or sexual orientations arrive in such an organization, they quickly realize that they are not accepted and soon depart. Long-time employees may feel the confusion, sense further changes coming, and try to calculate how to survive or outlast them. Many from the founding cultural group become afraid of the “new” people. They are not certain what is appropriate to say or do or how their words or actions will be perceived, judged, quoted, or reported.

This is a time when members of the founding group may feel most threatened. They perceive their numbers dwindling and believe that they have fewer opportunities. Suddenly they are called on to interact and compete with a broader range of people—people who do not necessarily follow their traditional rules. Members of the founding group may make claims of favoritism or reverse discrimination, or they may complain about standards being lowered. However, this also is an opportunity for them to find greater freedom within the organization, the freedom to express their own diversity and explore the costs and benefits of being members of that particular cultural group and the organization.

At this point, many organizations stop or slow down their efforts and try to go back to their monocultural past. They may say publicly they are reassessing and studying the next steps to take or planning how to integrate diversity into the practices and procedures of the organization. Sometimes organizations decentralize, dilute, or localize the diversity effort as a way to diffuse or avoid conflict. Sometimes they struggle on in perpetual confusion, allowing the backlash to set the agenda.

Building a Core Group for Change

Despite the trials, some members of the organization will still see diversity as a prerequisite for future success and continue their efforts to move forward. As more members of the new group enter the organization, the founding group members naturally increase their interactions with them. It becomes clear that the new people express a range of attitudinal and behavioral differences; they begin to be perceived as individuals as well as identity group members.

This realization makes it possible for some in the founding group to become allies in support of the new group. At the same time, the new group helps broaden the cultural, behavioral, perceptual, and stylistic range within the organization. When enough new

members and allies join together, meaningful change becomes possible. Meaningful change does not require a majority or even a large numerical minority of an organization. All it takes is a sufficiently committed core with a credible voice within the organization.

Intervening During a Stage of Critical Mass

Chaos arises during the stage of Critical Mass because the rules for success are no longer clear. The old ways no longer work, and no new norms, values, and standards of competence have been defined to take their place. Senior leaders may find this period of transition the most frightening on the journey from exclusion to inclusion. For their own sakes, as well as that of the organization, leaders need a clear sense of purpose and direction at this time.

Working on leadership competencies can be critical. Leaders need the skills to model appropriate behaviors and values as well as to communicate with and lead diverse groups. As the diversity of the organization increases, developing broader communication and conflict resolution skills is an important priority for the entire membership of the organization.

Stage 4: Acceptance

In order for full inclusion to happen, an organization must accept the presence of diverse groups within its membership. With Acceptance, *tolerance* for difference begins to be identified as counterproductive. Tolerance, after all, implies a state of forbearance: an ability to endure annoyance or provocation. As the organization finds new structures, norms, values, procedures, and rewards that tap the added value of diversity, tolerance will give way to Acceptance. Members of the organization will realize that although tolerance is better than hostility, it is not as productive as inclusion. When people see and experience the benefits of inclusive behaviors and an inclusive culture, tolerance will look insufficient—in fact, it will seem like resistance.

Once differences are accepted, it becomes possible to see beyond them; if they are not accepted, nothing beyond can be seen. This is why attempting to be color-blind, gender-blind, or difference-blind will not work. Accepting differences leads to seeing more similarities. In Acceptance, people begin finding other ways of connecting with one another. Instead of sticking to culturally defined or stereotypical interactions, people can find many areas of commonality and common ground.

Integral to an environment of Acceptance is recognition of the presence of systemic oppression and discrimination. Perhaps for the first time, the organization and its people see clearly the need for a systematic effort to level the playing field so all people have equitable footing.

With Acceptance, people give closer scrutiny of all aspects of the organization. They begin to identify structures, procedures, and norms that impede people's ability to contribute. People find it safer to speak up about institutional forms of discrimination—both those that are overt and, equally important, the more subtle forms that may result

from good intentions. Although blatant inequities and the need for a level playing field often begin to be addressed at the Critical Mass stage, a comprehensive effort of identifying and correcting even the most subtle barriers to inclusion *must* be pursued at this stage for the organization to progress.

Only in Acceptance is it possible to replace outmoded, inequitable norms and values that were discredited during the chaos of Critical Mass.

Intervening During the Acceptance Stage

When an organization reaches the Acceptance stage of development, it is critical to create a “pull” scenario toward achieving high performance by building effective cross-cultural partnerships and teams. This can be accomplished by publicly rewarding work units that have successfully adopted inclusive practices while, at the same time, aggressively pursuing an ongoing diversity-skills enhancement program for the organization’s entire membership.

Acceptance is also an ideal time to integrate the concept of inclusion into the overall business planning process, especially in areas such as market analysis, supplier resources, vendor qualification, personnel recruitment, training, leadership development, community relations, and strategic alliances with other organizations.²

Stage 5: Inclusive Organizations

In biology, a species that breeds strictly within a narrow population group becomes weaker—and often quite peculiar (hence the pejorative connotation of the term “in-breeding”). Similarly, metallurgists know that alloys offer a far greater range of performance than their individual metal components. Iron rusts and is brittle, but add carbon and nickel and the resulting steel is stronger, more malleable, and more durable.

In organizations, just as with living organisms and metals, diversity leads to greater strength. High-Performing InclusiveSM Organizations³ utilize diversity as a source of added value—a resource crucial to the organization’s success. Diversity gives a group a greater range of creativity, problem-solving, and decision-making skills, and a potential for seeing 360° of the landscape.

High-Performing InclusiveSM Organizations see diversity as a fundamental enhancement, not as an obstacle to be overcome or a condition to be managed. They seek to tap their diversity, not merely survive it. A wide range of values and norms are fundamentally connected to Inclusive Organizations’ values, mission, and goals. Diversity is seen as a necessity, not a luxury; monocultural groups are seen as inherently deficient.

Inclusiveness encourages individuals of all identity groups (e.g., class, age, mental ability, physical ability, sexual orientation, gender, racial and ethnic groups [Jackson,

² Inspired by “Building High Performing Inclusive Organizations: Interventions,” by Catherine S. Buntaine, 1986, The Kaleel Jamison Consulting Group.

³ Service Mark of The Kaleel Jamison Consulting Group, Inc.

1993]) to contribute all their talents, skills, and energies to the organization, not merely those that could be tolerated or accepted within a narrow range of monocultural styles and expectations.

Local Diversity Must Precede Global Diversity

In some organizations, there is a tendency to want to address international diversity without first understanding the need and value of including all the members in the local geography. Some might find it more glamorous to learn to work effectively with their Asian or European counterparts than with their local teammates. It may seem less threatening to accept the differences of people across the ocean than to accept the differences of the people across the table. In fact, addressing diversity on a worldwide scale can be a way of avoiding the issue of diversity locally.

For diversity to work, an organization must start by including and embracing the diversity it has *now*—with the people in this building, in this corridor, in the next cubicle. Whatever we learn about the people around us—their individuality, culture, identity group, nationality—will help us work better with them and better appreciate what they have to offer. Learning how to work together effectively across difference is an essential skill for building inclusion.

Everything gained from learning to appreciate the differences of the current members of the organization will help the members learn to appreciate new members who may come later. More importantly, only by focusing locally can an organization truly establish inclusion as an integral part of the organizational culture.

Intervening in an Inclusive Organization

There is always a danger of being trapped by the “Myth of the Happy Ending” (Katz & Miller, 1988). In reality, inclusion is a process, not an endpoint. Issues of power and privilege are rooted deeply in societal culture and replicated in the very fabric of organizational structures.

To achieve sustainability and become a beacon for other organizations to follow, an Inclusive Organization must continually “walk toward its talk” (Katz, 1994). It must identify those areas where its behaviors fall short of its values and continually strive to live up to those values. And, as its vision broadens, its values, goals, and purpose must be continually reassessed.

MULTIPLE JOURNEYS

To achieve full inclusion, each new identity group in an organization must be accepted individually. In many ways, the process is a return trip on The Path, starting at the Symbolic Difference stage, with the new members becoming pioneers. But with each new identity group, the organization’s range of acceptance broadens and its flexibility increases. The lessons learned from the inclusion of each new identity group into the organization make the next new group’s journey easier.

At any one time, an organization may have several different business units, functions, or groups at different places on The Path. The United States Armed Forces offer an excellent illustration of this point. Considering their numbers and Colin Powell's former position as Chairman of the Joint Chiefs of Staff, it is clear that African-American men have reached the stage of Acceptance—or at the very least, Critical Mass. For women, however, the Armed Forces are still at the Symbolic Difference stage or possibly even Passive Club. For lesbian and gay people, the Armed Forces are still an Exclusive Club. And people with disabilities have hardly started their journey on The Path.

A Business Issue, Not a Social Issue

There has been a widely held view that monocultural groups perform adequately (and maybe more than adequately), especially if they are white male groups. If a selected work group consists of all white men, they often are assumed to be the most qualified people. However, just as diversity enhances an organization's ability to *see*, it also enhances its ability to *do*. Productivity increases when individuals and identity groups can contribute to the full extent of their talents, ideas, and creative energy. When the organization and its members realize that the development and maintenance of an Inclusive Organization is an ongoing, never-ending process, all continue to learn and grow.

The organization gains greater ability to respond quickly to change; to be an adaptive, learning organization; and to position itself more effectively for the future's challenges—a future in which speed, vision, and flexibility will be the norm in a highly diverse and increasingly global society.

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■ ORGANIZATION EFFECTIVENESS: BUILDING INTEGRATED CAPABILITIES AND FUNCTIONING FOR ACCOMPLISHING DESIRED RESULTS

Anthony Nathan

Abstract: Organizational effectiveness is the most fundamental and critical issue in organizations. To deal with this issue, organizations need to learn about Organization Effectiveness (OE) and use this vital strategy appropriately and competently. This chapter gives an overview of the Organization Effectiveness strategy, why it is necessary, and how it works. It offers a way to increase the probabilities of accomplishing successful change, maximizing desired results, and improving competitive position on a sustainable basis.

The need for organizational effectiveness is driven by the increasing number, complexity, and impact of external and internal environmental changes. These include changes in macroeconomic trends, markets, customer requirements, competitors, information, industry structures, technologies, political styles, governmental regulations, investors or owners, strategy alternatives, business composition, resources, suppliers, the labor force, worker competencies, and the nature of work. The pressures on organizations and their employees to change will be far greater in the future than they are today.

A more turbulent, unpredictable, and complicated environment increases the challenges for executives. They are responding by rethinking their strategic plans related to market positioning, customer satisfaction, product quality, employees, product development, new technologies, joint ventures, productivity, cost reduction, divestment, and so on. They are going in unfamiliar, sometimes revolutionary, directions to keep their organizations viable in a changing world.

Organizational Interventions

Executives are prompted to initiate numerous interventions, such as strategic thinking, total quality management, customer-satisfaction management, business process reengineering, benchmarking, climate surveys, culture renewal, self-managed teams, learning organizations, leadership development, technical training, adventure-learning programs, diversity management, incentive programs, and downsizing. These interventions attempt to transform organizations and help them to realize their strategic objectives.

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Investing considerable resources and energy in these interventions, however, does not always ensure desired results. For example, according to Schaffer and Thomson (1992):

The performance improvement efforts of many companies have as much impact on operational and financial results as a ceremonial rain dance has on weather. While some companies constantly improve measurable performance, in many others, managers continue to dance round and round the campfire—exuding good faith and dissipating energy. This “rain dance” is the ardent pursuit of activities that sound good, look good, and allow managers to feel good, but in fact contribute little or nothing to bottom-line performance.

The success or failure of a key organizational intervention substantially affects the organization’s profitability, competitive advantage, and future. An intervention can solve problems and capitalize on opportunities or it can create solutions that are worse than the problems. It can save or waste time, effort, and resources.

The outcomes of interventions can affect the organizational climate by raising or lowering morale and trust. As Warrick (1993) observes:

Frustration, high levels of anxiety and stress, feelings of lack of control and being out of control, breakdown in trust and communication, a loss of confidence in management, broken or damaged spirits all accompany mismanaged change.

The accrued impact on employee resilience may be even worse. With each passing year, as people are challenged to continually improve and contribute even more, they will remember what and how changes were made and may become conditioned to distrust or resist change. Chronic change fatigue may permeate the organization, making future changes even more difficult to implement. This is not an option for any organization that wants to thrive in a future that will become cumulatively more challenging.

With so much riding on interventions, why do so many end up mediocre, cosmetic, or short lived? One reason is that poor decisions are made about what to change. Organizations may take any of the following actions:

- Target needs that are not high strategic priorities, either inadvertently or as a result of political tradeoffs;
- Set unclear or unrealistic goals for change;
- Select interventions that are inappropriate or inadequate for accomplishing the changes required;
- “Spray and pray”—implement too many interventions at one time;
- Change direction frequently; and/or
- Fail to ensure that the interventions are congruent and integrated with other key initiatives and have a strategic focus.

Another reason is that organizations may lack integrated foundations (infrastructures) for planning, initiating, managing, supporting, sustaining, evaluating, and learning from interventions. Organizations may:

- Plunge into interventions with poor understanding, poor sponsorship, lack of commitment, and poor role definition;
- Avoid risk taking and act expediently;
- Focus on current circumstances and wallow in the status quo;
- Fail to diagnose needs and to plan interventions effectively;
- Use unskilled facilitators or inadequate change processes;
- Spread resources over too many interventions;
- Fail to develop supporting capabilities and functioning to enable and fortify changes;
- Focus on activities instead of on results;
- Fail to monitor progress and adjust as required;
- Fail to allow time for interventions to take root; and/or
- Fail to apply lessons learned from earlier interventions to new initiatives.

Unfortunately, many decision makers repeat their mistakes, influenced by old assumptions, values, and momentum. John Rollwagen, CEO of Cray Research, advises organizations to get out of their traditional comfort zones, let go of the past, and find different ways to accomplish results. He warns: “You’re almost certain to get swallowed up because you’re stepping off from the past and backing into the future” (Galagan, 1992).

To break out of the status quo and preempt organizational effectiveness, executives need to take a hard look at their past and future strategies and interventions. They need to ask questions such as:

- In retrospect, which strategies and interventions of the last five years fell short of expectations in terms of contribution to results? What have been the accrued costs of failure? Why did the interventions fail to achieve the expected results? What capabilities and functioning should the organization have had in place (but did not have) for supporting these interventions?
- What key strategies and interventions are planned for the next five years? What capabilities and functioning are required to support the accomplishment of these future directions? If the organization builds these supporting capabilities and functioning, what could be its actual results? If nothing is done to build these capabilities and functioning, which underlying problems would probably

continue to negatively impact the plans? What would be the cumulative costs if these plans were not realized over the next five years?

- Are current organizational perspectives (thinking patterns, assumptions, mental models, paradigms) effective for dealing with these issues or are they in need of change?

Such a diagnosis may lead executives to reexamine their assumptions and values about what end results they truly desire; what changes are required to obtain those results; how to best go about accomplishing those changes; and how much ineffectiveness they are willing to tolerate.

THE MEANING OF ORGANIZATION EFFECTIVENESS

Organization Effectiveness (OE) is a philosophy and strategy for maximizing the desired results of an organization and its employees by intentionally:

- Determining the results desired;
- Developing the means for producing the results; and
- Using these means to accomplish the results on a continual basis.

Organization Effectiveness can be defined more specifically in terms of its goal, focus of change, and technology.

In terms of goal, OE aims to increase the possibility that the organization and its employees:

- Are focused on the most appropriate results;
- Are adapted to accomplishing desired results; and
- Achieve these results optimally and cumulatively.

In terms of change focus, OE works to understand, develop, and optimize the capabilities and functioning of the larger organizational system and its integrated parts, to adapt them to accomplish desired results.

In terms of technology, OE is a planned, long-range, systems and holistic approach based on technologies for realizing employee and/or organizational effectiveness on a lasting basis.

The following sections provide more information on this definition of OE.

THE PURPOSE OF OE

The purpose of OE is to maximize the accomplishment of results that are desired by the organization, its employees, and other stakeholders. In some organizations, interventions lack strategic alignment; they have taken on lives of their own and become ends in themselves. Organizations become sidetracked from their missions—critical needs and

the enabling systems leading to these needs. They may even become addicted to dissipating their resources and energies in numerous activities until the outcomes are no longer relevant or valued. Such organizations have become activities-focused instead of results-focused, and that is a sure path to ineffectiveness and mediocrity.

A Results Orientation

OE develops a results orientation because it emphasizes both identifying what results are really required (OE outcome) and managing how those results are optimally accomplished (OE process). This balanced emphasis is fundamental to effectiveness. Two quotations are pertinent here: “Flawless execution does not compensate for implementing the wrong solution” (Conner, 1992) and “Even the right things done the wrong way are not likely to succeed” (Warrick, 1993). The aim is to do the right things the right way.

Desired results may be defined in terms of the ability and success of the organization in the following areas:

Creating and shaping a future for itself in which it can thrive. This relates to supporting the organization’s competitive strategies, realizing its vision, and fulfilling its mission. It may include how clear and shared its strategic directions are. It also may include decisions and actions that are taken to prepare the organization for the future.

Achieving short- and long-term organizational objectives. This relates to quantitative and qualitative performance indicators of return on invested capital, revenue growth, profitability, competitive advantage, customer satisfaction, product or service quality, productivity, costs, cycle time, innovation, teamwork, empowerment, and so on. It also may include the degree to which these objectives are achieved at reasonable cost.

Doing what needs to be done to respond to organizational needs. This relates to the performance of routine tasks to specified standards and their continuous improvement. It also relates to the detection of critical problems and opportunities (current and anticipated) in the organizational environment, and dealing with these in a timely manner.

Fitting better in its environment as it battles for survival and prosperity. This relates to the generation of changes required to fine tune, transform, and renew the organization to adapt to current and potential challenges. It also includes learning from experience and other stimuli as well as building increasingly more effective and sophisticated levels of capabilities and functioning for accomplishing desired results.

Obtaining and capitalizing on resources available in its environment. This includes developing human resources, mobilizing their potential in new ways, and continually improving their performance.

Maintaining and enhancing the health of its people while on the job. This includes organizational climate, morale, and physical well being.

THE HOLISTIC AND SYSTEMS APPROACH OF OE

Organization Effectiveness focuses the systems linkages to desired results, from the strategy to the intervention levels.

The realization of an organization's desired future (e.g., the organization embraces and thrives in a turbulent environment) depends on the achievement of certain organizational goals (e.g., leaders have developed broader paradigms, "helicopter" perception and thinking, intuitive reasoning and imagination, and have applied their minds to solve problems and capitalize on opportunities in a turbulent environment). In turn, each goal is enabled by the accomplishment of intentional OE interventions (e.g., the development and implementation of strategic plans emphasizing "strategic readiness," communication of the need for strategic readiness, the recruitment of new leaders with the required thinking competencies, the implementation of management development programs to foster these thinking competencies, a revision of the performance-management system to reward leaders who apply the thinking competencies, and revision of the succession-planning system to promote leaders with the thinking competencies) as well as enabled by incidental events.

Strategies and interventions thus have to work within the cause-and-effect relationships of an "organizational systems universe." This systems universe is multidimensional and complex. The systems orientation has profound implications for how strategies and OE interventions are orchestrated. Working within this systems context increases the possibility that the organization and its employees are adapted to and do successfully accomplish their present and future goals, and, consequently, realize an appropriate future for the organization.

As a basic, it is necessary to clearly:

- Specify the end results desired in as much detail as possible;
- Study the overlapping and dynamic systems that could impact the end results, track down the systems leading (via cause-and-effect linkages) to these end results, and map out a holistic systems model of the organization;
- Identify the strategies and interventions needed to impact these organizational systems and bring about the desired results;
- Examine how the various strategies and interventions are expected to impact, and are impacted by, these systems; and
- Put the right mix of strategies and interventions into an integrated framework for accomplishing the desired results and coordinate the implementation of change.

In mapping out the different levels of successor systems, all the linkages connecting the systems with the end results must be tracked. The overall systems map portrays the order, structure, and priority of the cause-and-effect linkages leading to and from the end results. It serves as a road map for designing the necessary OE interventions. Based on this map, one can delineate the critical pathways of systems that an intervention must

impact sequentially or simultaneously, thereby identifying the adjustments and additions required for the proposed interventions to work better. This map helps avoid the risk of systems forces neutralizing the interventions.

THE FOCUS OF CHANGE IN OE

Capabilities and Functioning

A key to accomplishing desired results is the degree of comprehensiveness, integration, and alignment of the capabilities and functioning of the organization and its employees.

“Capabilities” are the elements that enable the accomplishment of desired results.

They include values, paradigms, culture, mission, goals, leadership, policies, structures, systems (e.g., planning, decision making, communication, learning, succession planning, performance monitoring, feedback, and reward), processes, practices, employee competencies, employee capacity, roles, equipment, and other resources.

“Functioning” is the expected operation of a capability or system of capabilities that support the accomplishment of a desired result. Capabilities and their functioning are the means for accomplishing results. They may be superstructural or infrastructural.

Superstructure

Many change interventions focus on particular systems, technologies, and practices. For example, a total quality intervention may strive to develop or apply quality function deployment planning tools, a customer focus, a quality steering committee, quality-improvement teams, a quality-oriented culture, error-free work, quantitative techniques, and a continuous improvement ethos. These capabilities and functioning form a total quality superstructure, and are used to improve product and service quality.

Superstructure is important. A larger superstructure of specific interventions must be integrated and aligned to support the organization’s competitiveness strategies. Organizations must become more competent at defining what outcomes and strategies are truly required, understanding which interventions will most impact these needs, fitting the most appropriate interventions into the master plan, and leveraging these interventions optimally.

Infrastructure

However, superstructure is only half of the big picture. Superstructural capabilities and functioning, by themselves, are not sufficient to accomplish change. If specific interventions are to succeed, confronted by employee resistance and other barriers, they must be based on a solid infrastructure of supporting capabilities and functioning. This infrastructure forms the foundation on which the superstructure of specific interventions can be built. The broader and firmer the foundation, the taller the superstructure that can be constructed. As Tobin (1994) contends:

Without solid foundations, the superstructure will bend in the wind and shake when the earth rumbles. If there is no solid base for major initiatives, the entire superstructure will eventually come crashing down or, at best, be abandoned in favor of old familiar structures of past experience.

Building on the total quality example, the success of the intervention depends largely on the availability of an infrastructure of implementation capabilities and functioning. For instance, the TQ project team could use effective change-management tools to better initiate, manage, and sustain the overall intervention. Other infrastructural capabilities may include talented project-team members, an organizational learning capacity, supportive assumptions and values, management sponsorship, an organizational planning system, project-management tools, systems thinking, an employee-involvement system, diagnostic tools, a training system, a performance-management system, an incentive system, a communications system, and so on. Without such an infrastructure, the TQ intervention will rely largely on chance, which substantially increases the possibility of failure.

Developing an Organizational Architecture

Organizations need to proactively build infrastructures from which they can launch and support their superstructural interventions. An infrastructure should integrate the necessary supporting capabilities and functioning, aligned to support the accomplishment of mission-critical interventions. This infrastructure is rarely exclusive to a specific intervention. Many of the same capabilities, including resources, can be shared among an organization's various interventions.

The architecture of infrastructure and superstructure must be developed as a package. Without superstructure, the best infrastructure is irrelevant. Without infrastructure, the superstructure is doomed to fall short of expectations. The optimal design of infrastructure and superstructure adapts the organization to accomplishing its ends. This allows change to occur by design rather than by chance.

Executives must sponsor the engineering of an effective architecture of capabilities and functioning in the organization. Unfortunately, it is easier to make a case for superstructure to many executives. The long-range investment in infrastructure does not excite many short-range decision makers. We must educate decision makers about the need for a total architecture, proving to them that it works better.

Executives can use OE to transform their organizational architecture. OE examines the existing architecture of capabilities and functioning in relation to the desired results; identifies strengths and weaknesses in them; engineers an improved architecture (i.e., reinforces strengths, develops new capabilities, or reduces weaknesses); implements the various changes; and follows through to ensure that the improved architecture is effective, lasting, and continually improving. If the organization is starting from a lower base of capabilities and functioning, extraordinary efforts will have to be made to build the necessary architecture.

These changes to architecture create layers of potentialities for effectiveness in the organization. Whether the organization actually becomes effective depends on its ability and willingness to utilize the engineered architecture as it works to accomplish change.

THE TECHNOLOGIES USED IN OE

Organization Effectiveness typically applies at least three disciplines or technologies: human resource development (HRD), human performance technology (HPT), and organization development (OD). The three disciplines are interrelated. Some tools are common to all technologies (e.g., performance analysis, project planning, change management, and training). This is because HRD, HPT, and OD interventions often contain the same elements of learning, human performance, and change management.

Organization Effectiveness uses these technologies in a holistic, integrated, and nonpartisan manner. Both HPT and OD operate at the level of performance or effectiveness; HRD operates at the level of learning or potential for effectiveness. HPT has a tendency to focus on behavioral change; OD focuses on cognitive and systems change. The attractiveness of OE is that it not only transcends the identity issues surrounding HRD, OD, and HPT, it also refocuses the organization on the results it truly desires.

The three technologies can be differentiated by their specific focuses and purposes:

1. *Human Resource Development (HRD)*. The target of HRD is the people (individuals and work groups) in an organization.

In terms of goal, HRD identifies, develops, improves, and transfers job-related learning in people. This is done to enable people to develop the competencies and repertoire of behaviors they need to optimally perform a current or future job as well as to support their personal growth. Thus, HRD aims to increase the potential for individual and group effectiveness. HRD is used to analyze, design, develop, implement, and follow up interventions for generating learning opportunities and for stimulating individual and group learning. Typical HRD interventions are training, education, development, and career development.

2. *Human Performance Technology (HPT)*. The target of HPT is the people (individuals and work groups) in an organization. HPT diagnoses, engineers, reinforces, and improves human performance and well-being. This is done to enable people to accomplish the desired work and the organizational results in a way that also promotes their health. Thus, HPT aims to increase individual and group effectiveness, which, in turn, contributes to organizational effectiveness. HPT is used to analyze, design, develop, implement, and follow up interventions for solving problems and seizing improvement opportunities in the human-performance system (which consists of people, work, and workplace elements). Typical HPT interventions include performance analysis, job design, role definition, personnel selection, performance management, coaching, reward systems, feedback systems, job aids, expert systems, environmental engineering, and health and wellness.

3. *Organization Development (OD)*. The targets of OD are the whole organization and its component parts (e.g., goals, strategy, outputs, functions, culture, norms, structures, processes, resources, and work groups). OD diagnoses, engineers, reinforces, and improves organizational performance, growth, and well-being. This is done to enable the organization and its people to achieve desired business results and adapt to environmental changes in a way that also promotes organizational health. Thus, OD aims to improve organizational effectiveness.

As a process, OD is used to analyze, design, develop, implement, and follow up interventions for solving problems and seizing opportunities in the capabilities and functioning of the organization and its components. These interventions help people to change and to develop and use the potential of their organizations. Typical OD interventions include developing leadership, culture renewal, strategic planning, organizational learning, quality function deployment, total quality management, change management, technological change, organizational structure redesign, business process reengineering, self-directed work teams, team building, problem-solving systems, decision-making systems, communication systems, organizational climate surveys, succession planning, diversity management, downsizing, and quality of work life.

More specifically, OD strives to:

- Understand the organization's needs, capabilities, and functioning in systemic terms;
- Change, develop, and manage the organization's capabilities and functioning to help it cope with its environment, learn, renew itself, and accomplish other desired results; and
- Ensure healthy relationships between and within groups.

The field of organizational change today may be classified into organization development (OD) and organization transformation (OT). In this context, OD focuses on fine-tuning, incremental and modest changes. OT is a second-generation evolution of OD. It focuses on fundamental, radical, large-scale, or organization-wide changes usually involving a paradigm shift about people, work, the organization, or its environment. It is a change of kind, not of degree. Interventions such as the "learning organization," total quality management, and self-directed work teams could be classified as OT interventions.

In many instances, an intervention is not exclusive to a particular technology. For example, training (which is classified under HRD) is often used in HPT and OD. A case could also be made to classify the "learning organization" (which is classified under OD because of its systemic nature) as HRD. Organizational effectiveness focuses on dealing with organizational problems and opportunities, not on the processes and tools used to deal with these issues.

Proponents of HRD, OD, and HPT have tried to subsume the other disciplines as their own, creating duplication and confusion. For example, the American Society for Training and Development defines HRD as the integrated use of training and

development, organization development, and career development. The National Society for Performance and Instruction claims many OD and HRD interventions as HPT. Not to be outdone, many OD professional societies consider learning and human performance issues part of OD. The lack of consensus could be due to the evolving nature of these relatively new disciplines; “product differentiation” needed to justify a professional discipline, new book, or consulting service; and/or dogmatic posturing. It may be time to review, redefine, and reclassify the three OE disciplines. Regardless, debating about the inconsistencies or being tied to any one theoretical definition does not help the work that needs to be done in an organization.

What is important is the following:

1. Defining the OE terms and model in a manner that is most appropriate to the organization’s unique characteristics and situational realities.
2. Helping organizational stakeholders to clearly understand the meanings of the terms and models so that they value, support, and explain change efforts.
3. Using a common vocabulary, model, process, and analytical tools to guide OE work, given the situation in the organization.

Organization Effectiveness should be incorporated into day-to-day management practices. Furthermore, there is no reason why all levels of employees cannot learn to use an OE framework for thinking about and acting on the issues confronting their organizations. This would help to increase understanding about critical organizational issues, the most appropriate approaches for dealing with these issues, how a particular approach will work, and what is required to obtain results from an approach.

The secret to propagating the use of OE is to “think state-of-the-art common sense, simplicity and balance” (Warrick, 1993) when communicating OE concepts to the organization. Regardless, in the technical and financial aspects of their jobs, many people are required to learn far more difficult terms and conform to more complex processes. Organizations would function at a higher level if people learned about and handled OE issues with the same discipline and resoluteness expected of them in the technical, financial, and legal aspects of their jobs.

THE EFFICIENCY OF OE

The power of OE is simple: it strives to deal with organizational effectiveness in a holistic and aligned manner. Unfortunately, in many organizations, the OE function is not structured for effectiveness and efficiency. There is an assortment of separate functions that directly or indirectly deal with organizational effectiveness issues. These functions may include strategic planning, organization development, total quality management, human resource management, management development, technical training, compensation, information systems, health and wellness, communications, career development, and so on.

These segregated functions may be operating independently and not communicating, collaborating, or coordinating with one another sufficiently. There may even be turf wars or lack of alignment to organizational direction. Each OE-related function may implement its particular solution in an ad hoc manner, based on its interpretation of an organizational need it is responsible for or happens to stumble over. This is because complex organizational problems and opportunities are multicausal and multifaceted, comprising many elements that are interrelated. A narrow intervention in a vacuum often does not work. All the individual system elements need to be improved simultaneously to accomplish meaningful and sustained results.

Organizations can capitalize on the latent synergy of their OE-related functions by, at the least, coordinating them in a broader, strategic framework for dealing with organizational effectiveness issues. Executives should ensure that these functions are integrated with one another as well as aligned with the organization's and business units' strategic plans. It is imperative to find ways to ensure the complementary, aligned, efficient, and coordinated deployment of OE strategies, functions, and their interventions.

If an organization wants significant breakthroughs in organizational effectiveness, it must invest the time and effort in smarter front-end planning and coordination of OE. CD-MAP™ (Customer Driven-Mission Achievement Process) is an extremely disciplined, rigorous, and proactive positioning and planning process that can be used to systematically focus and organize all OE activities. One outcome is that OE-related functions are deployed and integrated in an aligned, comprehensive, and synergistic structure. With this umbrella structure, OE interventions can be efficiently implemented to satisfy the key requirements of customers, stakeholders, and OE practitioners.

THE OVERALL PROCESS OF OE

The OE process focuses on the organization's business landscape: defining and assessing the gap between where the organization is now, where it needs to be, and how to get there. The following process stages summarize the overall OE process. As you read it, refer to the OE diagram in the figure that follows.

1. Envision the future ideals that the organization needs to achieve. This may be a vision or business objectives related to delighted customers, preferred supplier status, industry leadership, or the embracing of a turbulent future.
2. Determine the gap between the organization's current realities (actual results) and future ideals (desired results). Diagnose the problems and opportunities underlying the results gap related to:
 - The accomplishment of the current realities and the past infrastructure and superstructure that led to these results;
 - The desired accomplishment of future ideals and the future infrastructure and superstructure necessary for generating the desired results.

Estimate the costs if the desired results are not realized. Estimate the potential for performance improvement if the necessary architecture is built and used to support the accomplishment of desired results.

3. Given the diagnosis outcomes, consider the change options for building the architecture of infrastructure and superstructure necessary for accomplishing the organization's future ideals. Formulate a change strategy. Communicate the change strategy to the key stakeholders, educate them about it, and build their commitment for it. Integrate the change strategy into organizational plans.
4. Plan, implement, manage, institutionalize, evaluate, improve, and renew the various OE infrastructural interventions to develop and improve the necessary organizational infrastructure of capabilities and functioning.
5. Using the supporting infrastructure, plan, implement, manage, institutionalize, evaluate, improve, and renew the various OE superstructural interventions (e.g., total quality management) in an aligned, planned, and integrated manner.

CONCLUSION

Organization Effectiveness (OE) provides a powerful foundation, framework, and conduit for orchestrating the right combination of strategies and interventions to identify appropriate organizational directions; develop the necessary capabilities and functioning; use them to obtain the desired results, and realize the desired directions. OE is a strategic investment that may very well provide the greatest returns to an organization. It leverages existing strategies and interventions as well as enables the organization to pursue a whole new class of strategies and interventions for continually adding value to its assets and mobilizing their potential.

The case for OE is compelling. Escalating change is placing many organizations at breakpoint with respect to the management of employee and organizational results. As Land and Jarman (1992) state, at breakpoint the rules for success have changed so radically that continuing to use the old rules not only does not work, it also generates formidable, even insurmountable, obstacles to success.

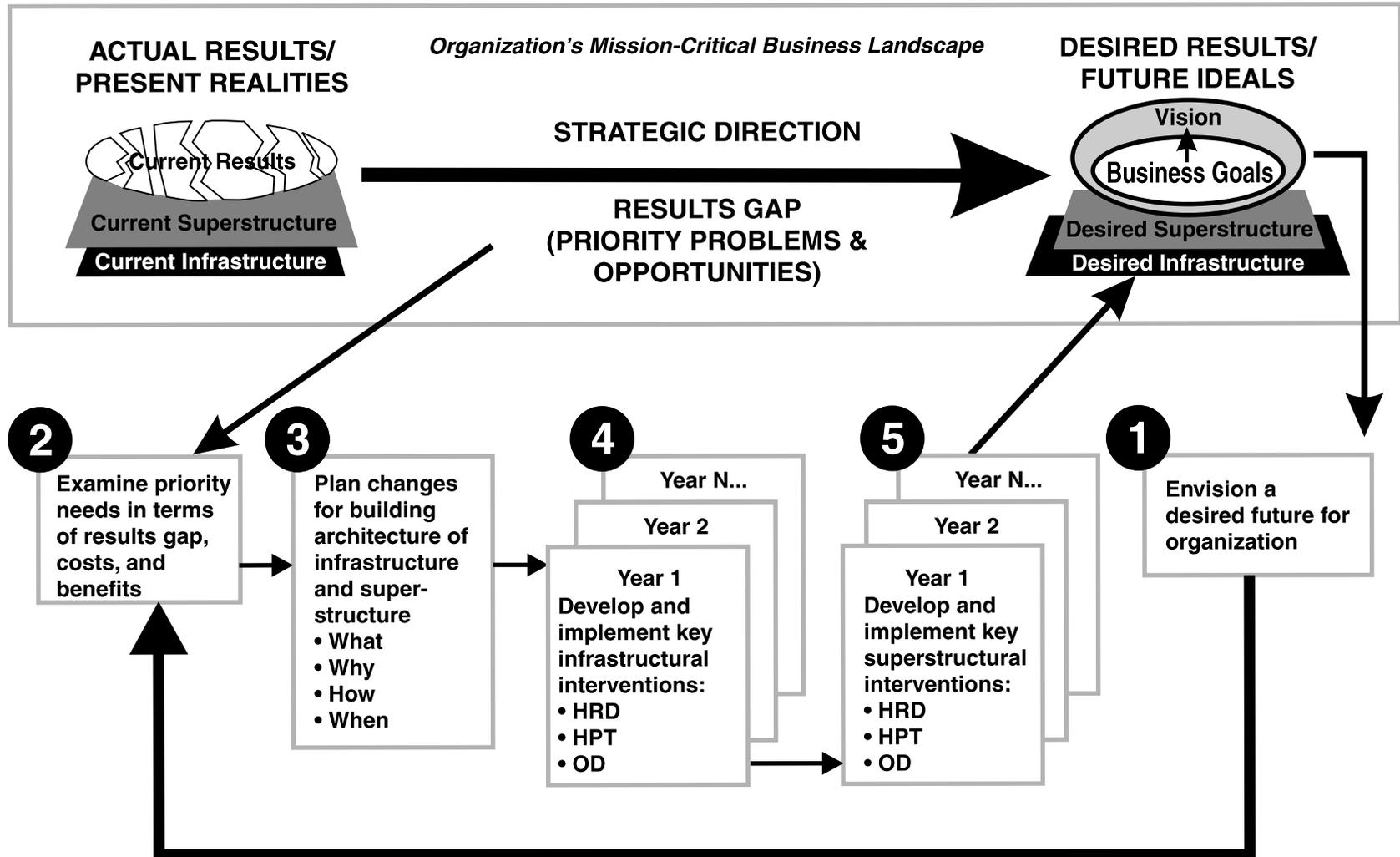
Organization Effectiveness therefore must be managed in a more strategic, proactive, and integrated way than it has been in the past. Not dealing with this fundamental issue carries the price of being left behind competitively. It also carries the risk of painful measures when attempts eventually are made to stem organizational decline or avert obsolescence.

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ORGANIZATIONAL EFFECTIVENESS MODEL



■ FIVE LESSONS FOR INTERNAL OD CONSULTANTS

John Geirland and Marci Maniker-Leiter

Abstract: Before starting their own consulting practices, the authors spent many years as internal organization development (OD) consultants. In this article they present the five most important lessons they have learned about internal consulting, although all five have applicability for external consultants as well:

1. Establish your authority;
2. Bring added value to the organization;
3. Create rapport;
4. Avoid misunderstandings; and
5. Show courage.

One of the authors' main points is that the internal consultant's candor in expressing organizational realities is what the job is all about; that candor is the added value that he or she brings to the organization. This article offers not only useful tips and several examples from the authors' own experience, but also a message of encouragement and motivation.

Both of us have spent many exciting and fruitful years working as internal organization development (OD) consultants. In those years we have learned—sometimes painfully—a number of lessons. In this article we summarize five of those lessons: ones that have proved particularly useful not only in our work as internal consultants, but also in subsequent work as external consultants. It is our hope that you, too, will benefit from what we discovered.

LESSON 1: ESTABLISH YOUR AUTHORITY

Imagine that you are an internal consultant, in a staff rather than line position, in each of the following three situations:

Situation 1: Fred Breaux, senior vice president of an important division in your company, tells you that he wants to see a confidential report you wrote about the performance of Steve Stein, who works for Fred. You based the report on Steve's responses to an instrument you administered and a subsequent interview you held with him, and you assured Steve that the feedback in the report was for his eyes only. You did not count on Steve's boss's wanting a copy, and now the boss is leaning hard on you to comply.

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Situation 2: Sylvia Hutton, an executive vice president in your company, asks you to do a team-building intervention with her management team. After conducting confidential interviews with members of the team, you learn that one member has a drinking problem and that Sylvia is uncomfortable with confronting the individual herself. The managers believe that Sylvia wants the team-building intervention to concentrate on the drinking; in this way the managers would have to “take care of the problem for her.” You know that this is precisely the wrong reason to do team building.

Situation 3: Edward Pierce, a powerful executive in your company, asks you to conduct interviews with his staff members to “find out how people are feeling about things.” You ask Edward if he knows of any issues of particular concern to his staff. “None that I can think of,” he answers. A week later, after many hours of interviewing, you learn that Pierce has been less than candid with you; open warfare exists between two of Pierce’s managers.

What do these vignettes have in common? In each case you, as the internal consultant, are being pressured by someone with higher status and power in the organization. What authority and power you do have comes from two sources: who you know and what you are.

Who You Know

You can enhance your power through association with one or more patrons in executive management, preferably including the CEO. An executive can empower you by publicly supporting your mission in the organization. Although it is desirable to have a direct reporting relationship with a senior executive, more often than not the patronage will develop through other means, for example, a successful consulting engagement or your own efforts to market yourself internally. The challenge is for you to use the power resulting from the patronage judiciously. If you drop a patron’s name frequently, whatever power you derive from it will diminish quickly. Usually it is enough for people to know that the executive supports the consultant’s activities.

One more word about patrons: Although it is helpful to have a powerful supporter in the organization, you make yourself vulnerable if you are identified to too great an extent with one person. If that executive leaves the company, transfers, passes out of favor, or is fired, you may find yourself without support. Protect your visibility and usefulness by building relationships with several clients.

An Example from Our Experience

Phil Thompson was the manager of a regional office in a company where one of us was employed. Phil’s operation was thousands of miles from the home office, a fact that he relished. “We’re like a ship out here, and I’m the captain,” he liked to tell his people. Phil faced major challenges: high turnover, understaffing, and work-design problems.

Nevertheless, he had resisted all suggestions to make changes, even when they came from his immediate supervisor.

Phil's reaction was not much different when he was contacted by phone to discuss the idea of consultant-conducted "climate interviews" with his people. He showed impatience and inflexibility. But once it was made clear that the division manager (two levels higher than Phil) was interested in the project, arrangements for a visit and subsequent intervention went smoothly.

What You Are

People who have special knowledge and skills are usually respected and often even revered. As an internal consultant, you are versed in the principles of human behavior and the technology of behavioral change. You can enhance your authority and credibility further by becoming active in professional societies and by earning degrees, certificates, and licenses in the field. By continually learning and building skills, tools, and experience, you will enhance your presence within the organization.

LESSON 2: BRING ADDED VALUE TO THE ORGANIZATION

Many people believe that human resource development professionals are not as bottom-line oriented as other professionals in the organization. To counteract this misconception and foster your own success as an internal consultant, you need to make a special effort to promote your work as contributing to the bottom line.

You must also "sell" your services internally. Although most internal consultants do not charge individual clients for consulting services, no such services are free. Clients have to invest their time, and that of their staffs, in any intervention—worth potentially hundreds or even thousands of dollars in salaries and opportunity costs. Consequently, any potential client needs to be shown that your services bring added value to the organization.

Following are some techniques for making the value of your services known:

1. *Make presentations around the company.* Hold brown-bag sessions at lunchtime, attend staff meetings, and take opportunities to give a presentation for any audience in the company.

2. *Develop a brochure.* Creating and distributing a brief brochure containing information about how your services contribute to the bottom line is an excellent idea. The brochure gives clients something to refer to long after you have concluded personal meetings or phone calls.

3. *Link your values to organizational strategies and goals.* You are more likely to be seen as making a positive contribution if your values are seen as supporting the organization's strategies and goals. Demonstrate how your services support goals such as superior customer service, high productivity, improved quality, and increasing market share.

An Example from Our Experience

A large organization based in the western U.S. was undergoing a significant downsizing. As part of this process, the company and all its employees had participated in a detailed analysis of its products and services, seeking to identify and eliminate activities that were no longer important. This self-examination took months, and during this period productivity and morale plummeted.

One of us, an internal consultant for the company at the time, developed a series of workshops on managing change to support the self-examination process and to minimize the traumatic effects. As a result of attending the workshops, employees had a greater understanding of the emotions they were feeling and developed skill in various behavioral techniques for maintaining productivity.

LESSON 3: CREATE RAPPORT

Your success as an internal consultant depends on your ability to make people feel comfortable. Remember that your clients, for the most part, are under no obligation to use your services. If people find you distant, uncaring, too pushy, or too timid, you may limit your network within the company.

Making people feel comfortable is also the first step in any OD intervention. At first, some clients may not feel comfortable in sharing all their concerns or thoughts with you. This reluctance is a form of resistance and is very common. Take the time necessary to establish rapport and discover your client's needs and concerns. Adapt yourself to the client's interpersonal style. For example, find out which of the following reflect your client's preferences:

- Numbers or anecdotes;
- Short, to-the-point meetings or chattier sessions over lunch;
- Face-to-face encounters, phone calls, or memos.

Sometimes the client is not sure why he or she has brought you in. Asking for your services may simply be in response to a gut feeling that "something doesn't feel right" or a curiosity about "how people are feeling about things." You can help the client by asking questions designed to bring the real issues to the surface. For instance, you may ask, "Was there anything that happened shortly before you contacted me?" or "At what times are you most likely to feel uneasy about things in your department? What is usually going on?" Engaging the client in an exploratory dialog not only forms the basis for the subsequent intervention, but also builds a solid working relationship.

An Example from Our Experience

The authors were brought in by an internal client who managed a large software-development project that involved almost two hundred programmers and systems analysts. "I'd like to have a stress-management program for my people," the client said.

“We’re having record levels of absenteeism; people are using up all their sick leave and even taking time off without pay. We know we have a challenging project here, so we need something that will help our people get through it.”

At this point we could have proceeded with the planning of stress-management workshops. Instead, we guided the client through a discussion of the project and its history, a topic that was within his comfort zone. (The client was a “driver”; he preferred discussing task-related issues only.) Eventually, the client began to relax and talk about other concerns. Various issues surfaced: his working relationship with end-users, communication problems between some of the work groups on the project, and so on. Stress was not the problem, but the symptom of a larger problem—a fact that came out only after the client dropped his defenses.

LESSON 4: AVOID MISUNDERSTANDINGS

The easiest way to destroy your credibility as an internal consultant is to appear to break an understanding with a client. You can help to ensure that miscommunication is avoided by putting understandings in writing. Write a contract that clearly defines the intervention. Sit down with the client and clarify the following points, which subsequently appear in the contract:

1. *Who the client is.* Although the client’s identity may appear obvious, it occasionally is not. Establish at the beginning who will receive a copy of the final report. This issue is especially important when feedback is collected on managers and that feedback turns out to be negative. If you try to identify who receives the feedback after you have already collected it, you will run into difficulties concerning whose feedback it is and who has the right to share it.

2. *What roles and responsibilities each party assumes.* In addition to the more obvious responsibilities, you should consider tasks that may not be immediately apparent, for example, whether the client wants to delegate the handling of logistics. Another important task that the client must undertake is telling employees what to expect, which can be done in either a meeting or a memo. Providing a sample memo helps assist the client with wording, builds the consultant’s credibility (because the memo is a concrete deliverable), and virtually guarantees that the employees will be appropriately informed about the pending intervention.

3. *What the client will and will not receive.* If the intervention involves gathering data (for example, through a climate survey), the client should receive a written report of the results and a verbal explanation of those results. Stating what the format of the report is to be will help avoid complaints that the report is too general or too specific, too narrow or too comprehensive.

4. *Who participates.* Voluntary participation in interventions produces more honest and, therefore, more useful results. The client may strongly urge employees to

participate, but not force them to. Negative consequences can result when participation is dictated rather than freely given.

5. *What the rules of confidentiality will be.* Every employee is entitled to confidentiality. The client should know from the beginning that he or she will receive no information about who said what. Protecting people's anonymity will secure your ability to acquire useful information and to intervene effectively in the future, if necessary.

6. *What the details of follow-up will be.* You and the client should make arrangements to meet at a later date to assess the success of the intervention. If possible, set up the date of that meeting in advance so that it can be recorded in the contract. Let the client know that you will also check with him or her periodically to see how the intervention worked and to determine if you can assist further.

An Example from Our Experience

One of us was brought in to conduct an employee-opinion survey for a small department. The survey was administered, and confidential interviews were conducted. The data were analyzed, and a report was written within four weeks. There was some delay in presenting the results due to the client's "busy schedule." Several appointments were made, then canceled by the client.

Eventually the survey findings were presented and explained. The client said he was pleased with the work, and a date was set to share a summary of the findings with the department staff. Again, the meeting was canceled by the client. Additional dates were scheduled, each canceled. Eventually, six months passed before the feedback meeting was held. The client felt no need to provide people with timely feedback, but the consultant did. The issue of timely feedback to employees had not been addressed in the written contract. When the results were finally reported to all those who had participated, the data held very little credibility for employees.

LESSON 5: SHOW COURAGE

*Rich in virtue, like an infant,
Noxious insects will not sting him;
Wild beasts will not attack his flesh
Nor birds of prey sink claws in him.*

Lao Tzu, *The Tao Te Ching*

The most important and challenging of the five lessons is to show courage. You probably will be called on to say things to your clients that they would never hear from their peers or subordinates—or even from the people they report to.

The courage to be candid may be difficult to muster in the best of times. And because the internal consultant does not usually occupy a line position, he or she is always vulnerable during periods of budget cutting and downsizing. If you find yourself

in such a situation, you will be subject to the temptation to restrain your candor and avoid upsetting people.

But if you succumb to this temptation, you will limit your effectiveness and, therefore, your usefulness to the organization. Your candor in expressing organizational realities is what your job is all about; that is the added value you bring to the organization. Furthermore, many clients will sense when you are not being totally forthcoming and will not view that behavior favorably. Most clients want to hear it all. If you show fear, you damage your credibility and open yourself to pressures from others.

The best thing you can do is to cultivate a relaxed and confident attitude. Start by making yourself feel less vulnerable:

- Build up your network of contacts in other companies so that if you do lose your job, you can find out about and pursue other opportunities.
- Meet on a regular basis with your peers.
- Get active in professional societies.
- Write articles for books, journals, and newsletters in the field.

Another way to enhance your sense of security is to develop an independent consulting practice. Vacation days, weekends, and evenings can be used for consulting to other companies (not direct competitors, of course), holding workshops, or teaching evening courses at a local college. These outside activities will generate added income that can be saved for a rainy day (unemployment). By the time that rainy day rolls around, if it ever does, you will be able to find the work to support yourself between jobs or to start your own full-time practice if you choose.

Having some sense of financial independence, however modest, coupled with a belief in yourself and your profession will give you the confidence you need to ask the tough questions and convey honest feedback. Your clients will perceive your strength and respect you for it.

PARTING WORDS

Joseph Campbell, the late mythologist, said that the secret of a happy life is to “follow your bliss.” He added that when you find your bliss—the work that makes you happy—everything else will flow naturally and easily. Bliss—that is, enthusiasm, energy, creativity—is the greatest asset you can have as an internal consultant. With a little effort, the rest will follow.

■ INTERVENING IN ORGANIZATIONS THROUGH REWARD SYSTEMS

Thomas H. Patten, Jr.

Change agents seek strategies, models, and approaches for consciously altering the organizational status quo toward greater individual, group, and social health. Concepts such as trust, authenticity, openness, innovativeness, and a problem-solving, confronting attitude are repeatedly mentioned as missing from everyday organizational and industrial life. Change agents usually address these deficiencies in their organizational development efforts.

Some change agents have a typical diagnostic model that they use in deciding how to proceed in organization development (OD) (Lippitt, 1969). Others are less committed to a characteristic pattern and typically begin by asking themselves questions once they have focused on the ostensible problems. Should the first intervention be an OD team-building thrust? An installation of management by objectives (MBO)? An alteration of the reward system? Or, instead, a training package, policy change, reorganization, new hiring program, etc., ad infinitum? At one time the T-group was widely held to be the only proper way to begin, but OD has now matured beyond this compulsion. Yet we still are not sure how to develop strategies.

If, for example, the change agent consults the rapidly amassing literature on OD in behavioral science, personnel, organizational, and management publications, he or she could easily be stopped by such stern and portentous edicts about management by objectives as:

“MBO is yet another technique that requires friendly, helpful superiors, honest and mature subordinates, and high mutual trust. *It works best for those individuals who need it least.*”

“MBO is best suited to those static, mechanistic environments where adequate alternatives already exist. Rapidly changing conditions and low role clarity render it worse than useless. *It works best in those situations where we need it least.*”

“MBO adds nothing to our ability to reward and control. It correctly emphasizes goal setting, feedback and interaction, and participation. These strengths should be maintained, but not at the cost of jolting the organization with massive and simultaneous changes.”

Furthermore, we are told that we should not link MBO to the pay systems in organizations because “such linkage will induce risk-avoidance and goal displacement except when conditions are so predictable that no deceit is possible” (Kerr, 1972).

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OD AND MBO

The author (Patten, 1972a) and others (Beck & Hillmar, 1972; Hunady & Varney, 1974) have argued that there can be no successful implementation of MBO without OD and no durable OD without MBO because the same organizational norms and values are required as preconditions for each. I have also urged that OD and MBO should be linked to changes in reward systems, particularly pay plans, and have found through extensive reading that others (McConkey, 1974) have come to the same conclusion. My associates in consulting also confirm the view that pay planning should be meshed with MBO, although others disagree and despair of tying pay plans to MBO (Kirkpatrick, 1973).

STRATEGIC OD MODELS

There are varying schools of thought on how and where to intervene in work organizations (Argyris, 1971), but few long-range, comprehensive strategic models for OD have been formulated in any detail, except perhaps for Blake and Mouton's longitudinal design for corporate excellence using the managerial grid and other associated tools (Blake & Mouton, 1972). However, reward systems have been mentioned over the years by many behavioral scientists as worth consideration in change efforts (Argyris, 1971; Beckhard, 1969; Ford, 1969; Herzberg, 1966; Kuriloff, 1972; Lawler, 1971; Levinson, 1973; Lippitt, 1969; Marrow, 1972; McFeely, 1972; McGregor, 1960; Raia, 1974; Schein, 1970).

Little detailed thought, however, has been given to strategies to make reward systems more functional and, consequently, organizations more healthy. An extensive technical literature of course exists on wage and salary administration, incentive plans, bonuses, and the like, but this literature is essentially mechanical in nature and conceptually shallow. Few scholars or practitioners have viewed the altering or installing of wage and salary administration systems as being more than a complex technical chore (Belcher, 1974; Sibson, 1974a, 1974b).

However, alterations in the reward system should be considered as OD interventions of prime importance. A broad and thorough look at OD, MBO, and reward-system integration is necessary if the inconsistencies and gaps in the interconnection of these phenomena are to be dealt with for the benefit of OD practitioners. Skilled OD practitioners working in organizational change efforts should intervene directly through reward systems (Patten & Fraser, 1975), provided they have a proper appreciation of an optimum organizational change strategy using a combined intervention involving OD, MBO, and reward systems.

A View of Human Nature

The conception of human nature on which this approach to OD is based is not an idiosyncratic view and has been expressed before (Patten & Vaill, 1976), using some notions of Schutz (1972) as a starting point. The concept has been related to OD efforts

begun with formal T-groups and formal team-building seminars and eventually connected to MBO and Skinnerian and other concepts of rewards (Poteet, 1973).

In changing an organization it is necessary to embark on an OD effort intended to build managerial teams at the outset. It is important to have a guiding OD philosophy governing program design because the design is critical to the success of an OD effort, although there can be many efficacious but somewhat different philosophies. Any relevant change philosophy must address social-emotional as well as rationalistic variables. An effective MBO program is essential to an OD effort because work organizations are created to attain specific goals, such as profit in the private sector and the efficient provision of services in the public sector.

OD for the sake of OD is meaningless in the context of a work organization. Certain facets of OD offered for the individual growth of employees may be regarded as beneficial to the person; but the cost of providing them without some connection to attaining goals at work can hardly ever be justified when examined from the standpoint of a work organization. OD and planned change, compensation planning and administration, and management-by-objectives programs are closely interrelated and are, in a certain sense, on an equal plane of importance for effective management.

In a work organization that exists in a steady state or equilibrium, change must begin with the individual and the way in which he or she behaves, particularly in carrying out his or her occupational role. My own thinking is strongly influenced by the unfreezing, change, and refreezing concept formulated many years ago by Kurt Lewin (Schein & Bennis, 1965). Therefore, I begin an effort at organizational change by intervening in the system at the level of the individual and unfreezing him or her through experiential learning methods, such as those commonly used in laboratory training.

The initial effort is intended to bring about self-education and a reconsideration of the individual's values. He or she is acquainted with openness, honesty, and authenticity in relationships; he or she gains some experience in identifying and building up a trust level in his or her work group and place of employment; he or she learns about the birth and death of small groups; he or she discovers relationships between the individual and the group; and, finally, he or she learns about the connections among the person, the group, the organization, and the organizational culture. The individual's learning experience, as a result of such training immersion, enables him or her to relate more effectively to other people and encourages him or her to enlarge and draw upon a considerable repertoire of behavior. He or she should also, as a consequence, be more accepting of others, be an improved communicator, and move into a freer and more vital stance with his or her associates at work.

Thus, an initial OD effort intended to bring about planned change rather than unrestrained revolution or slow-paced evolution should begin with the individual and his or her existing behavior patterns.

Useful Analogies

Some analogies from nature that have been suggested over the years seem useful in this context. We hear much about mercury as an element that is despoiling the ecological balance of the natural world by being dumped into rivers and contaminating fish. If, instead, we talk about quicksilver, which is another name for mercury, we find interesting properties that may be compared with human behavior. Given controls in temperature and pressure, when quicksilver rolls across a surface, it manages to conform to that surface without welding itself to or commingling with the surface. When the quicksilver moves on, it leaves behind nothing visible. This is an example of close contact accompanied by integrity. People need to be like this: independent and autonomous yet interfacing effectively without loss of integrity.

Another analogy can be made with the chameleon, the lizard that can change the color of its skin when placed in an environment of a characteristic color or pattern of colors. People need this same attribute, especially industrial managers, who must adapt and blend in, yet retain their vital survival power.

Organization development efforts often try to achieve the expression of human potential and the preservation of individual dignity and integrity while the person attempts to contribute to and meld well into the organizational context by opening up in his or her relations with others. The individual strives to be pliant without being totally submissive. As Byrd (1974) put it, he or she needs to be a creative risk taker.

These two analogies from nature suggest that there can be a high degree of suppleness without either a breakdown of the parts or a blending that would eliminate the integrity of the parts, and indicate that individual behavior can become sensitized so that the person can draw on those aspects of his or her behavior that are relevant for successful action in an organizational context.

The Theory of Open Encounter

One important way of changing the individual behavior of employees in work organizations is explained in behavioral science theory. The theory of open encounter as it exists in sensitivity training and T-groups is based on the belief that a person is a unified being and functions on many levels at once: physical, emotional, intellectual, interpersonal, social, and spiritual. These levels are considered to be intimately interrelated, and actions on any one level are accompanied by actions on all others. The theory assumes that there is a life flow in a person on all of these levels, an energy that flows through cycles of motivation, preparation, performance, and consummation. When these energy cycles are interrupted, a number of blocks can be identified.

There can be physical blocks that lead to physical illness; emotional blocks leading to underachievement; social blocks, to incompatibility; and spiritual blocks, to postponement of the realization of the total person. Removal of the blocks is a therapeutic task, but development of the energy cycles is the task of education. OD can provide this education for a manager or an employee when the OD effort results in a favorable cultural change in a work organization.

The life flow of a person functions best in the presence of openness, which in turn depends on trust. Blocks can be removed when a person is open to himself and others. Achieving self-awareness and being open and honest with others allow a person's energy to flow freely and permit him or her to become more effective in problem solving and decision making, not only in managerial work but also in everyday life. Self-deception and dishonesty block energy and take it out of the life flow that is potentially available to the person. Open encounter in a work organization unblocks the individual and allows human energy to be used for more productive purposes. Unblocking is thus the first step in strategic OD.

The human being's self-concept is enhanced when he or she takes responsibility for himself or herself. If a person feels that he or she is responsible, competent, important, and likeable, he or she will be more likely to express those parts of himself or herself. If a person has a weak and restricted self-concept, he or she will not live up to his or her full capacity. To the extent that a person's self-concept is expanded and enhanced, more of the person will be made available and utilized, and his or her life flow will be invigorated. Thus, successful OD team-building efforts that expand self-awareness, improve an individual's self-concept, elevate the trust level in an organization, diffuse openness, and enable managers and employees who interface to be more effective in problem solving and decision making in a group situation are fundamental to starting strategic OD, launching an MBO effort, or enabling the reward system in an organization to act as an incentive for performance.

Few work organizations today have identified a clear-cut model of organizational culture and human nature toward which they are moving by planned stages. Instead, organizations have tended to treat OD team building, MBO, or reward systems on a piecemeal and unconnected basis. It now remains for organizations to develop change strategies that link these techniques into a more impactful effort.

Management by Objectives for Rational Results

It has been my experience that when individuals in a work organization have undergone some change and committed themselves to new values, it becomes possible for them not only to accept MBO but also genuinely to desire a rational approach to the management of work. People who have become unblocked by an OD program that dealt initially with issues of self-awareness and skill acquisition become less defensive and more oriented toward problem solving. They are likely to look for well-considered and well-thought through solutions to problems and are willing to expend the effort and energy needed for a thorough problem analysis. They are ready wholeheartedly to get behind a rational tool such as management by objectives so that all of their energies and behaviors flow together in a common direction. Concerted action is thus possible because the behavioral infrastructure is open and people are willing to draw on their resources and make them "available" rather than suppress them (Sherwood, 1972).

People in organizational roles are likely to try to communicate as effectively as possible. The identification of organizational objectives up and down the line, across the

staffs, and among scattered and interfacing organizational components becomes possible; what has been called the prevailing managerial style, or organizational culture, can be transformed. Once the social-emotional learning has taken place, it becomes possible for rational learning to function more effectively because the misdirected or undirected social-emotional resources that are often used to thwart goal attainment are reduced.

REWARD SYSTEMS

The importance of the compensation planning and administration system as it relates to organization development and management by objectives should be emphasized. In the last decade or so there has been a resurgence of serious scholarly interest in the systematic study of pay; new ideas about motivating employees through compensation planning and administration are being presented in the literature of the behavioral sciences (Lawler, 1971). With the relative decline in the number of blue-collar workers and the rise in the number of managerial, technical, and professional employees in the U.S. labor force, the need for adequate compensation planning and administration for the higher levels of manpower has become apparent.

The Theory of Reward Systems

Discussions of OD and MBO sometimes lead practitioners to think that these approaches are essentially utopian and out of touch with the real world of rewards and penalties, particularly pay administration. But many prominent writers (French, 1974; Mahler, 1971; Odiorne, 1965) make explicit reference to pay matters and suggest that money as a performance motivator in work organizations be regarded in a more sophisticated way than it has been by economists and industrial engineers. By reviewing some important new contributions of Belcher (1974) and by charting what already has been done in laying a new foundation for systemic intervention and organizational change, we can further clarify this thinking.

In the emerging behavioral science theory of rewards, there is a confluence and synthesis of contributions from exchange, expectancy, and equity theories. As a result, rewards for work are defined as all those things, tangible and intangible, that the employee receives as a consequence of the employment exchange. The term *employment exchange* means the transaction between the employer and employee in which the rewards to the individual are contributions of the organization and the contributions of the individual are rewards to the organization. Contributions include anything that is done with the intention of making recognizable or relevant payments in the exchange process. In other words, a double input/output system operates. Employees must perceive their rewards as greater than their contributions, and organizations must perceive rewards provided to employees as less than the contributions of employees. Otherwise, there can be no “exchange.”

Kinds of Rewards

Defining rewards in this way suggests that there are various kinds of rewards and that work organizations often supply a greater variety of rewards than they know.

Organizations are, of course, usually aware that they are providing economic rewards and that these economic rewards are limited by organizational resources. They may or may not be aware that they are providing many other kinds of rewards, only some of which are limited by organizational resources. We find, in fact, that the variety of rewards from the employment exchange is almost endless. There are several ways of classifying them.

Intrinsic/Extrinsic Rewards

Herzberg (1966) has discussed two factors that allegedly relate to satisfaction at work and may be viewed as rewards: intrinsic rewards and extrinsic rewards. The extrinsic rewards are those provided by the work organization and consist of variables other than the work itself, such as supervisory style, quality of interpersonal relations, salary, personnel policies, physical working conditions, and job security. These extrinsic rewards are hygienically beneficial to the employee, to use Herzberg's peculiar terminology. Intrinsic factors that satisfy, motivate, and reward the individual consist of the work itself as well as other variables closely connected with on-the-job performance, such as the achievement of an important task, the level of responsibility, recognition for work done well, and the opportunity for advancement. Myers (1970) analyzed work using the extrinsic/intrinsic, hygiene/motivation approach to rewards, stated by Herzberg and found the motivation/hygiene model useful.

Economic/Non-Economic Rewards

Dubin (1958) has classified rewards as economic and non-economic by identifying financial and nonfinancial pay. According to Dubin, in effective motivational systems in industry, rewards for acceptable individual employee behavior always are defined in terms of organizational reward systems. The payoff is in financial pay, power pay, authority pay, and status pay. Financial payoffs for working become an important way of stating the value of an employee's work. If one employee earns more than another, his or her productive efforts may be presumed to be more valuable. This concept underlies merit pay (or varying compensation for individuals on the same job who perform at different levels of competence), salespeople's commissions, hourly employee incentive plans, and certain forms of executive compensation. The concern with money as a measure of an employee's value is thus the keystone to (and Achilles heel of) all financial incentive plans.

Employee performance that meets or excels standards set by management may also be rewarded by giving the employee an opportunity to perform more important functions at work or to assume the exclusive control of some functions; in this case, the reward is power. Such behavior may lead to a decision-making position or to

supervising the work of others; the reward in this instance is authority. Finally, socially appropriate behavior as defined by management may be accorded the reward of higher rank; the reward here is status pay.

The payoff of motivational systems may be said to be general rather than specific. Money alone as a financial incentive rarely—probably never—can fulfill the systemic functions of power, authority, and status pay, as has been demonstrated in many behavioral science research studies over the past two decades (Whyte et al., 1955).

It thus becomes clear that the student and practitioner of OD is provided useful information when he or she classifies rewards either as economic and non-economic or as extrinsic and intrinsic. The former classification, because it emphasizes what most of us consider the primary rewards of work, is very meaningful. The latter classification involving the extrinsic/intrinsic distinction is useful because it emphasizes that many rewards from work are provided by the individual, his or her interests, and his or her perceptions and may, in a sense, be cost free to the work organization.

Job, Performance, and Membership Rewards

A further distinction, made by Belcher (1974), allows for the concept of “membership motivation” and “performance motivation.” He believes that rewards available from work organizations can be divided into three types based on their differing purposes. “Job rewards” are those attached to a particular job and include many economic and non-economic payoffs to employees. For example, there are base wages and salary; and there are the power, status, and authority accompanying each job. The latter might include a supervisory title as well as authority in assigning work and directing the activities of persons in subordinate work positions.

“Performance rewards” are economic and non-economic payoffs allocated on the basis of differential performance in a job or position. These rewards include economic adjustments such as merit increases, bonuses, and promotional increments, as well as power, authority, and status recognition associated with visible and approved patterns of employee work behavior. Performance rewards stimulate “performance motivation” or the will to work effectively and efficiently, which can, in turn, often be stimulated in an MBO context.

“Membership rewards” are those economic and non-economic advantages that an individual receives simply because he or she is on the payroll and, therefore, a member of the organization. These membership rewards include the range of fringe benefits that provide income continuity to an employee in times of adversity and thus protect the employee and his or her family from economic setbacks. Sometimes they are called “golden handcuffs.”

Basic job rewards can be said to provide an employee primarily with income, whereas membership rewards tend to provide other forms of income that are useful for security in times when the employee is not or cannot be at work. Job rewards and membership rewards encourage broad membership motivation. Among the nonfinancial membership rewards are the affiliation with a prestigious employer, the transfer of

prestige from a position to the individual who occupies the position, and a number of personally satisfying and ego-fulfilling sources of gratification wanted or needed by the individual (Belcher, 1974). Almost anything the individual needs or desires can be a reward. The two requirements are that he or she recognize the reward and that he or she perceive it as relevant.

The employment exchange may involve only one reward or it may involve many. The more rewards available, the more likely it is that the exchange will be binding and important to the individual. As we have seen, most employment exchanges entail many important rewards. In particular, the employment exchange provides one way in which the individual finds his or her place in society.

Implementation of Reward Systems

Turning from the theory of rewards to reward systems per se, financial pay is stressed in the following analysis, particularly the administration of pay increases of all types, such as the previously mentioned merit increases, bonuses, and promotional increments. However, pay decrements are also taken into account, as well as the administration of managerial placement and succession plans, the reward of special developmental assignments, the various forms of recognition and withholding recognition, and all other status, authority, and power rewards and penalties as parts of total organizational reward systems. This is not the place to repeat the mechanics of salary administration, which need specific linking with OD and MBO (and which, incidentally, are also rewarding or punishing in function), because knowledge of these is available for review in the technical literature of personnel administration.

Pay typically is regarded as performing a number of behavioral and technical functions that contribute to organizational effectiveness. Primarily, pay is considered a reward that can be used to make employees feel satisfied with their jobs, motivate them, gain their commitment to the organization, and retain them. Questions about the impact of pay in this context delve into psychological knowledge that has only recently been made available through research.

However, it should be emphasized, as Lawler (1971) has noted, that pay systems exist in the context of organizations and that the characteristics of organizations must be taken into account when pay systems are developed. The kind of organizational climate that exists greatly limits the kind of pay practices that an organization can use. Conversely, a pay system can change the climate and become an agent of change. In effect, money speaks and, administered in a traditional way, it can say that a stated move toward participative management is not sincere. Administered in new ways, money can say that a real change is taking place. Thus, the pay plan can be viewed as a stimulant or lever to effect change in the organization.

There are at least two ways in which organizations and pay plans can be matched, according to Lawler. First, the task can be viewed as a problem of choosing the correct pay plan for an organization, taking into account the characteristics of the organization as it is presently administered. Second, instead of fitting the plan to the organization,

management can change the organization to fit the pay plan—the approach being emphasized here. Consistent with contemporary concepts in personnel administration, the pay plan can be accommodated to the organization and used together with OD and MBO in an integrated manner. Even more specifically, a Skinnerian variable-ratio, intermittent-type schedule of reinforcement can be used in administering financial payoffs.

Integrating Reward Systems with OD and MBO

If a consultant is called in to look at a pay-system problem, he or she often cannot begin to solve it because the goals of the compensation plan are unclear or absent. If a client is asked to clarify or explain an organization's approach to MBO, the client and change agent soon find that the compensation system is unconnected with organizational goals. Or if an intervener is asked to install MBO, he or she often finds many managers who cannot communicate or who deliberately build protective walls to keep their managerial peers away. The consultant sees a primary need for OD and, particularly, a need for the installation of Jack Gibb's TORI factors (Gibb, 1972), although he or she might not conceptualize the problem that way if he or she has never considered the fundamental importance of trust formation in OD efforts. Or a consultant may find an organization in which OD has improved the climate, but the new-found managerial and employee energy needs to be harnessed in an organizationally desired direction and then properly compensated.

It is important to stress that the planning and administration of pay must be consistent with organization development and planned organizational change as well as with MBO. Behavior and the pay infrastructure must be in concert. Furthermore, when this concept is extended to MBO, we need only add that the way employees are rewarded or penalized with pay must also be consistent with the extent to which they are effective in stating and accomplishing their managerial objectives. OD, compensation, and MBO are closely interrelated in theory and should also be so in OD strategy and tactics.

Optimal Pattern for Integrating Rewards

The optimal pattern for changing an organizational culture and employee behavior (Figure 1) is to introduce an OD program first (using a thrust toward team building and the creation of greater self-awareness), then start MBO, and finally to revamp the reward systems, particularly the aspects of pay or direct compensation, at about the same time that MBO is initiated. Thus, after the first year's experience with MBO, pay decisions can be made to accord with a policy of rewarding and penalizing employees based on results of the MBO program.

We should recognize that OD is not appropriate or practicable for many organizations because management may not be ready for it. OD should, of course, never be force-fit. It may be best to let management alone and allow the level of irritation to build up before the change agent considers initiating an OD intervention.

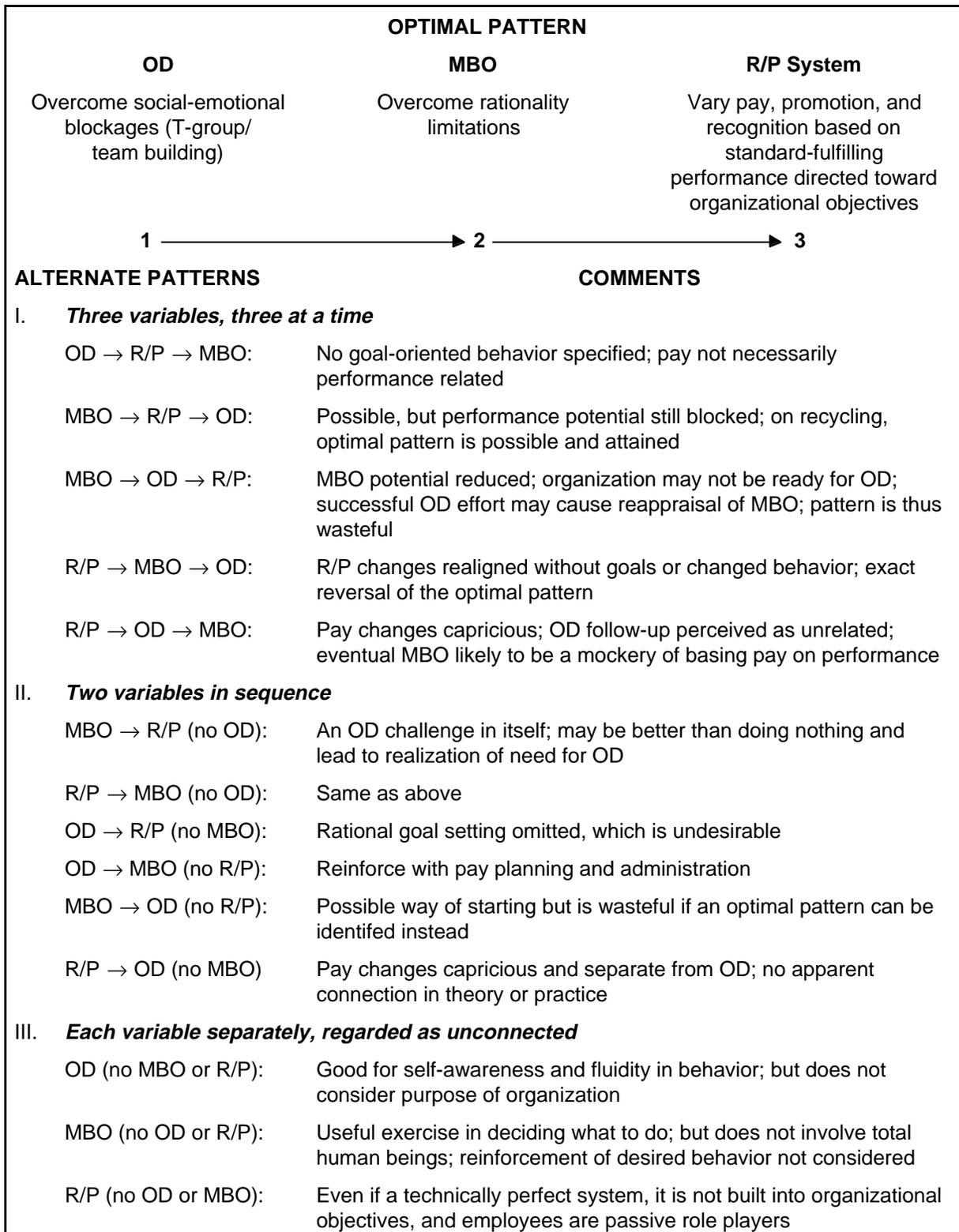


Figure 1. Schematic Diagram of Changing Organizational Culture and Employee Behavior

On the other hand, training and OD directors who are on the employer's payroll, acting as internal agents of planned social change, may not have the option of waiting until an organization is ready to start with OD. In this case, it often makes sense to begin with an MBO program because it is usually perceived as a lower threat to managers than an OD team-building intervention. However, the internal change agent or OD specialist should realize that starting with MBO is more likely to be strategically than optimally effective in a long-run, overall organizational improvement effort. If he or she starts with MBO, he or she may find that the MBO program loses momentum and is shunted aside.

Alternatively, when the organizational change effort begins with MBO, managers may begin to feel more open than before, causing them to squabble, identify a few of the real organizational problems, and desire to tackle the problems effectively—efforts associated with job tasks and interpersonal relations. If the training director senses that such a relatively low-profile intervention can be heightened and extended, he or she can then move from a weak start in MBO to a team-building OD effort. Soon thereafter he or she can launch a true MBO program—or so-called “second generation MBO”—when management has dealt with its internal team-building problems. If the internal change agent is fortunate, he or she may be able to follow up with changes in the reward systems. Thus, a very practical strategy for the training director who functions as an internal consultant may be the following four-step approach:

MBO→OD→MBO→Reward System

Yet there is a better way.

Underlying Assumptions

The alternate patterns in Figure 1 are based on several underlying assumptions, which have been explored previously in this article.

The first assumption is that individuals function most effectively at work when they are allowed to contribute fully on the social-emotional and rational levels and to feel open and unblocked; thus, an organizational change strategy is proposed, built on a humanistic orientation and composed at the outset of an open encounter in the format of a team-building design.

If a rational or technical intervention (like MBO or improvements in the financial reward system) comes first, without enabling individuals to benefit from unfreezing through team building, a great deal of momentum for thorough change is probably lost. On the other hand, there may be an opportunity to work on changing all three aspects of the optimal pattern simultaneously by concentrating most of the intervener's energy on one phase of the pattern before moving on to the other two. Thus, while there is value in considering the variables separately and sequentially for analytical purposes, in reality work could proceed on more than one front simultaneously.

The second assumption is that any attempt at strategic organizational change must deal with the basic dynamics of organizational behavior. The effort should be directed at fundamental improvement of the organizational culture rather than at mere cosmetic changes or the grafting of new ideas on old structures that will sooner or later reject the graft. The OD literature is replete with case histories of cosmetic interventions that lasted only as long as could be expected from a fad. Indeed, there is accumulating evidence that, even prior to the turbulence of the 1974-75 recession, many of the touted MBO installations of a decade ago had not weathered the storms of organizational change (Schuster & Kindall, 1974).

The third assumption recognizes that while individuals may be functioning at different levels of the Maslovian needs hierarchy, they still are responsive to rewards and penalties, including pay, and to some extent have their self-esteem linked to pay decisions that affect them. From the standpoint of reward theory, we can easily make a case that human needs in industrial society, regardless of the need level of the person, can be interpreted in terms of money. Money can be used to purchase food and shelter, to obtain entry into a social system and community, to contribute to one's self-concept and ego, and even to permit self-actualization, because money provides freedom for doing as one pleases.

The pattern shown in Figure 1 is optimal because it begins by unblocking managers and employees and making them receptive to a rational approach to management (such as MBO) while reducing the likelihood that they will engage in the many types of dysfunctional behavior that can undermine the success of an MBO installation (Kleber, 1972). It also builds the reward systems in such a way that organizationally desired behavior is reinforced and rewarded, whereas performance inadequacies are spotted, acknowledged, and dealt with.

Skinnerian Theory

Reward theory and the operations of reward systems need to be connected better than they have been with Skinnerian operant conditioning or reinforcement theory. Skinner himself has stated that his theory has important applicability for industrial practice, particularly the granting of intermittent rewards on a variable-ratio schedule (Dowling, 1973). Poteet (1973) provides an excellent summary of Skinner's thinking. There is little doubt that what Skinner advocates is consistent with the OD-MBO-reward systems model sketched here.

The fundamental idea behind reinforcement and behavior modification is that a reinforced or rewarded behavior tends to be repeated. Nonfinancial rewards such as verbal praise ("Nice job" or "Fine piece of work") and actual rewards such as pay increases or a free lunch are examples of rewards used as positive reinforcers, assuming that the receiver perceives them that way.

Reinforcements can be used to overcome work behavior deficiencies, to maintain present levels of work performance, or, more commonly, to shape expected behavior in

carrying out job assignments. Reinforcements, in other words, need to be connected with MBO efforts and results.

The general rule for using the reinforcement approach is that a desired new behavior must be shaped by approximation or through small steps and that the reinforcement must follow immediately when the behavior approximates the goal. After the new behavior is approximated or achieved, the reinforcement must be scheduled at intervals rather than after every instance of the behavior. Verbal praise loses its effectiveness as a reinforcement if it is overused. Indeed, the use of praise as a reward needs to be reconsidered (Farson, 1966). In addition, status, power, and authority pay should be used when possible as intermittent variable-ratio rewards.

Verbal praise may not be effective also because some employees do not respond well to it. They might respond much better if they received a different kind of reward, such as a salary adjustment or recognition in the form of a story in the company newspaper. Finding the appropriate form of reinforcement is important; age, sex, job and status level, and personal interests affect the kinds of reinforcement to which a person will respond. Yet it is worth noting that an individual's *performance* or *behavior* should be reinforced rather than his or her person. MBO helps in clarifying what types of on-the-job behavior will be considered in terms of rewards and penalties.

Closely related to reinforcement is the elimination of behaviors. In this case, reward for the performance is purposely held back or discontinued. The individual perceives that his or her behavior is undesirable and allows it to subside or disappear (Sherry & Hess, 1974). Postponing or reducing the amount of a merit increase or diverting supervisory recognition from attention-getting but undesired employee behaviors can extinguish many of these behaviors in employees who are motivated by these specific tangible and intangible rewards. Again, we can see that MBO would be useful for this purpose.

CONCLUSION

In discussing the strategic model for change involving OD, MBO, and reward systems, it was not assumed that individual managers or employees are interchangeable parts. The kind of person who will respond to the optimal pattern for changing an organization's culture will be someone who has a high need for achievement and a personal desire to manage in a humanistic way (see Patten, 1972b).

We have now, I believe, entered an era of social responsibility in which the management of complex, large-scale organizations is expected to turn those organizations into open societies where mobility is possible for all persons who perform. OD, MBO, and reward systems must be built on socially responsible personnel policies, and these, in turn, should assure that people with a high need for achievement and the will to manage can eventually find their way into managerial positions. It is doubtful that the optimal pattern can work if the human resources in managerial positions are

inadequate for the tasks and challenges or if there is an absence of equal employment opportunity and affirmative action.

OD, MBO, and reward systems should be viewed not as opponents and unrelated interventions but rather as complements for improving life in work organizations and as instruments for change.

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■ STRATEGIES FOR DESIGNING AN INTERVENTION

Glenn H. Varney

An intervention can be defined as any planned move toward behavior change in an organization. It is usually done with a work group or with key individuals, the objective being to facilitate changes in the way members of the organization work together. An intervention predictably creates organizational disruption, but the hope is that, with proper planning, change will be as effective as possible, resulting in improved functioning for the organization. The organization development (OD) consultant is the professional identified with planned interventions.

NATURE OF AN INTERVENTION STRATEGY

An intervention strategy can be characterized in at least four different ways.

1. It is a *plan* for conducting the intervention itself; that is, it lays out a set of steps and actions that the OD consultant will follow, based on knowledge of the organization at that particular point.

2. An intervention strategy is necessarily *flexible and adaptable* to the changing organizational situation. An inflexible strategy will quite likely yield no improvement. For example, if a consultant pushes for a change in procedures even though members of the organization do not see the need for the data generated by the procedures, the strategy will only increase organizational resistance and result in a lack of cooperation and poor performance.

3. In all cases the strategy designed to meet a specific situation must have *alternate approaches* built into it in order to meet any situation that may present itself. For example, if the process consultant decides to collect data concerning a certain issue or problem in the next meeting with the client and the client then takes over that discussion for another purpose, the process consultant will be required to use an alternate strategy to meet the changed situation.

4. An intervention strategy can only be designed within a *general framework* until actual contact with the client is made. That is, the process consultant usually has a general strategy in mind but no fixed idea of how to approach the client; thus there is an opportunity to get the “lay of the land” before the strategy is designed.

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One way to view an OD strategy is to consider it as something used to guide an OD intervention in a general direction. Such an overall strategy might be, for example, always to encourage the client organization to offer information relative to what is happening in the client organization at that particular point. Meetings would start off with some form of data-collecting process. Another overall strategy might be always to approach an organization with the understanding that the first step of the intervention is to be personal growth labs.

STRATEGIES FOR EACH INTERVENTION STAGE

Whatever the overall strategy, the process consultant concerned with designing an intervention for a client organization recognizes that strategies will be different for each stage of an intervention:

1. Pre-entry
2. Initial contact
3. Entry and data collection
4. Intervention design
5. Intervention, including data collection, feedback, and action steps
6. Separation

The strategy used at the pre-entry stage, for example, is likely to be quite different from the strategy used during the intervention-design stage. What the consultant knows about the client and the client organization at the pre-entry point is different from what is known at the intervention-design stage. It is, therefore, important for the consultant to be aware that strategies will change from one stage to the next and that what works in one stage may not work in another.

For each intervention stage, some questions are listed that the process consultant should be asking while designing substrategies for that stage. These questions become the consultant's way of conceptualizing what exists. Answers to the questions at a particular stage become input for the intervention strategy.

1. Pre-Entry Stage

Typical questions that need answers at this stage are as follows:

- Who is the client? What are the client's products, services? Who is the primary contact person and what is that person like? How large is the organization? How was the consultant invited to work with the client?
- What are the consultant's theories about the client organization at this stage? Being aware of these theories can help the consultant assist the client to make changes.

- What are the consultant's expectations about the way the client will behave once initial contact is made?
- What will the consultant do if these expectations are inaccurate? If for some reason the consultant has completely misjudged the client organization, what will the client do?

2. Initial-Contact Stage

Typical questions that need to be raised at this stage include the following:

- What are the objectives of the intervention and what criteria will be used to measure the results?
- How will the consultant conduct the initial meeting?
- How much of the client's time should the consultant take?
- Who will set the agenda? How?
- What additional data does the consultant need about the client and the client's problems?
- What will the consultant do if there is a basic incongruity between his or her intervention style and the client's needs?
- What will the consultant do to check the relationship with the client to see if progress is being made?
- What will the consultant do to advance the client/consultant relationship to the next step?
- What are the restraining and moving forces in the organization?

3. Entry and Data-Collection Stage

Often, clients will not require a formally written proposal outlining the action steps that the consultant intends to take. When such a formal proposal/contract is expected, however, it should probably include the following items:

- Objectives of the intervention: what is to be accomplished;
- Questions to be explored;
- The units of the organization that will be considered a part of the relationship;
- A step-by-step indication of how the process consultant will proceed in the organization in terms of data collection, feedback, and so forth;
- Who will receive the feedback;
- How the results will be evaluated;
- What the cost of the engagement will be; and

- What the process consultant would like to do following the engagement and recommendations for what the client should do.

4. Intervention-Design Stage

The intervention that will be used is by definition situationally determined. In general, however, all designs must answer three questions:

- What are the key variables in the relationship that will determine the success or failure of the intervention? For example, it is essential that the consultant be aware of the values of those involved in the change; they will not be likely to accept a change that is inconsistent with their values.
- What behavioral theories and concepts will the consultant use in trying to understand the organization?
- What basic elements of the organization (climate, health, etc.) and what techniques (e.g., team building, cousins groups, mirroring, fish bowling) should be used to help the organization solve its problems?

5. Intervention Stage

At this point, four primary questions need to be answered:

- If data collection techniques will be used, how should data be gathered (questionnaires, interviews, sensing meetings, etc.)?
- What should the timing be? How long should the process consultant be engaged in the actual process of data collection, and how should this be scheduled?
- What should the various logistics be? On site or off site? How should employees be notified of this intervention? What role should the employees play in the data-collection process?
- What feedback approach will be used? Will it be a simple report made to the client organization, a feedback session with top management, or a series of small meetings with all the employees of the organization? Just exactly how will the information be fed back to the organization? Will action planning be done? If so, who will participate?

In the feedback and change phase of the relationship between a consultant and a client, the responsibility for change is primarily in the hands of the client. The process consultant is obligated *only* to *help* the client develop the client's own goals, strategies, and tactics. An effective consultant can help the client organization see itself and the way it is functioning, the kinds of things happening, and how results and effectiveness may be affected, but the client cannot be *forced* to change. This is an important distinction.

For example, in a recent consulting experience, the supervisor interrupted the group members as they were processing data about the organization. She asked the consultant, “Just what makes you think you can get us to change the way we are doing things around here?” She was questioning the consulting relationship and what the consultant could do to help. The consultant told the group, “You probably can solve your own problems, if you put your mind to it. You have all the resources right here and now. The only thing I can do is help you look at yourself and perhaps facilitate some of the changes that you want to make.” Later the group accepted the responsibility for designing change for itself.

6. Separation Stage

Basic questions to be answered at this point in the design of an intervention strategy are:

- What expected results of the intervention were obtained? Not obtained?
- What does the client organization expect of the process consultant in terms of future commitments and follow-up?
- What can the client organization tell the process consultant about the way the intervention relationship was handled? This is very important if a process consultant is to develop his or her skills effectively. It provides an opportunity for the consultant to collect data about personal behavior and his or her effect on the organization.

CRITERIA FOR MEASURING AN EFFECTIVE INTERVENTION

An intervention into an organization can be measured in terms of the following questions:

- Does the client feel that the process consultant helped? Was the client satisfied that problems were resolved?
- Does the process consultant feel the client organization was helped? Did the consultant come away with useful information about his or her own skills and what was done to help the organization?
- In the process of solving one problem, did the consultant create another? Clearly, such a result is hardly to be considered a successful intervention.
- Does the client feel that the consultant can help in other ways? Will the consultant be invited back, and will the consultant’s skills be used in future problems the client may have?
- Does the client organization have a new look or a new approach or a new feeling about how it can solve future problems? Does it seem to have a better grasp of different approaches to solving its own problems?

- Does the client organization know something new about itself that was not known before? How did the client react to this information?

ESSENTIALS IN DESIGNING AN EFFECTIVE OD INTERVENTION STRATEGY

The process consultant must be aware of the *careful planning and theorizing* that is necessary to effect a successful intervention. This means the investment of a considerable amount of time in planning strategies—an investment that not enough OD consultants make.

A great deal of *flexibility* on the part of the consultant is also necessary in order to adapt a strategy to the situation at hand. If a process consultant is rigid and inflexible, the overall strategy will usually not work in the client organization.

It is recommended that the process consultant *test the validity* of the intervention strategy designed for a specific organization by trying it out on other process consultants. It is important that a consultant make sure that strategies are designed so that they will be meaningful and useful to the organization.

Process consultants should be aware of the *basic theories* they carry around in their heads about individuals, groups, and organizations. These theories often lead consultants to follow a favorite set of strategies for all situations, even though it is obvious that one or two proven approaches may not be effective in all situations. Just because a particular strategy is comfortable for the consultant does not mean it will work for the client. The truly effective process consultant is one who can use and adapt many types and forms of OD interventions to meet any situation that arises.

■ CONSULTATION TO HUMAN-SERVICE ORGANIZATIONS

Leonard D. Goodstein

Those organizations that attempt to offer services that either promote human welfare or reduce human misery are typically termed human-service organizations. The range and diversity of these organizations are enormous. The more numerous ones include schools, churches, hospitals, and clinics; governmental agencies, including public safety organizations such as police and fire departments; political parties; labor unions; cultural organizations such as museums, symphony orchestras, and zoos; and the entire range of welfare agencies including social service agencies, fund-raising organizations (United Way, March of Dimes), and so on. The scope and complexity of these organizations are so great that any attempt to organize or catalog them is doomed to failure.

SOME CHARACTERISTICS OF HUMAN-SERVICE ORGANIZATIONS

There are certain dimensions along which such agencies or networks may be differentiated from other institutions. They offer services rather than products. They are largely in the nonprofit sector of the economy. They tend to be bureaucratic in their form of organization. Each of these dimensions affects the nature of organizational life within these agencies and may directly lead to a need for consultation help.

Providing Services

Offering services rather than producing products increases the difficulty of evaluating the quality of the organization. When an organization produces a product—a dress to wear, a car to drive, a dinner to eat—there is a tangible end product to evaluate. The dress fits, the car drives well, the dinner tastes good. While there are certainly differences in human tastes and standards, there can be reasonable agreement about the quality of such tangible products, and consumers can make judgments about which of these products they wish to choose.

There is, however, far less agreement about what constitutes, for example, quality education, effective public safety, or good health care. To illustrate just some of the issues involved, does quality education involve teaching children basic skills (the “three R’s”) or human relations skills; does public safety mean preventing crimes and fires or

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catching criminals and putting out fires; should a health care agency devote most of its energy to promoting physical well being or curing illness? Not only is there no agreement about such critical issues in the establishing of institutional goals, but there is also little or no open discussion of these issues in most human-service agencies.

One frequent kind of consultation help asked for by human-service systems is assistance in evaluating the services provided. This can be done (and often is done) in a perfunctory fashion by, for example, simply counting units of service so that the consultants offer no real challenge to the underlying value assumptions of the agency. One would question the usefulness of such exercises in the life of agencies.

It should be noted that the consumer of a product typically sees only the end product. There is little interest on the part of most of us to watch the products we consume being produced. But we are typically actively engaged in the delivery systems for our services. We directly experience our schools, churches, museums, orchestras, and police departments, and the processes through which they deliver these services are far more apparent to us than those involved in creating a product. Thus many of our reactions to the service systems that we encounter are based on evaluations of our experience of the process. In contrast, our evaluation of a product will be primarily concerned with the quality of the end product, with little or no attention paid to the processes, either physical or psychological, that may have been involved.

The Nonprofit Sector

A second dimension differentiating most human-service systems is the system's place in the economy. While there are some profit-making human-service organizations—group medical and law practices, for example—most such organizations either are funded by the public, with tax dollars, or are in that peculiar neither-public-nor-private sector that has come to be known in organizational behavior literature as the third sector. All organizations that are neither operated for profit nor funded by tax dollars fall into this sector. Churches, private educational institutions, foundations, and all the organized charities and human welfare organizations, like Planned Parenthood and the Easter Seal Society, are third-sector organizations. Because profitability is not a criterion and because the human services provided are difficult to assess, these third-sector organizations most often take on the same bureaucratic characteristics of public agencies, even though they were developed to redress social grievances (Levitt, 1973). This development is especially true of the new third-sector agencies—the free clinics and such advocacy groups as Friends of the Earth or Nader's Raiders—all of which were developed in the 1960s during that period of aroused social concern. One of the problems faced by such organizations is how they can impact and perhaps reform the society in which they exist without destroying that society in the process. On the other hand, it is difficult for such organizations to have continual commerce with society and not be co-opted by it. Consultants will frequently be asked to demonstrate their credentials as part of the counterculture movement before they are accepted by such clients.

Part of the public nature of human-service systems is that most people have little or no choice in deciding which system they will use. If we have children who need education, there typically is only one neighborhood school that will accept them, there is only one postal service to accept our mail, one fire or police department to answer our distress calls, and so on. While the wealthy may have some choice, the majority of society is required to accept those human-service systems that are established for their utilization.

This lack of competition makes many human-service systems rather complacent about the quality of their services, as there is never any feedback in terms of reduced demand. These systems are guaranteed a client base and need to do little but provide a minimum level of service in order to maintain themselves—in sharp contrast to organizations in the business and industrial sector where survival requires meeting marketplace demands for quality and effectiveness. Such insulation of human-service systems makes it difficult for any consultant to demonstrate clearly that such a system is failing to fulfill its mission. After all, the patients (students, clients, or whatever) keep coming.

But public-sector organizations are responsive to other pressures, for example, review by those higher in the executive hierarchy; by the legislative bodies that provide the funds; by a variety of special-interest groups, such as the PTA, professional associations of teachers, social workers, and physicians; by consumer groups; and by regulatory commissions, such as the hospital and clinic accreditation groups. Also, the media see it as part of their job description to monitor and, where necessary, “expose” failures in the public sector. Administrative mistakes that would go unreported in a large private corporation become front-page headlines when public organizations are concerned. This publicity also means, of course, that the work of consultants, including their reimbursement, is conducted in a fishbowl (see Goodstein & Boyer, 1972).

Bureaucracy in Human-Service Organizations

Weber (1947), the best known student of bureaucracy, described it as technically superior to all other forms of organization and thus indispensable for complex organizations. He saw the superiority of bureaucracy stemming from its logical, rational approach and its exclusion of emotional or nonrational considerations. The values and attributes of bureaucracy coincided very well with the then-pervasive scientific management approach that dominated the profit-making sectors of the Western world. It was necessary to modulate this definition of bureaucracy in order to apply it to the business and industrial world because of bureaucracy’s failure to require profitability. This characteristic is also present in human-service organizations, which have taken on the formalism and lack of caring that characterizes much of the drab world of government service. Here success is measured, not by task accomplishment, but rather by the degree to which rules and regulations have been followed.

Harrison (1972) characterizes such organizations as *role oriented*: a strong emphasis on hierarchy and status with most, if not all, organizational behavior

articulated in agreements, rules, and procedures. Such an approach is in marked contrast to the *task orientation* found in business organizations, where getting the job done in order to produce profit (or prevent bankruptcy) is the paramount value. In role-oriented organizations the cardinal sin is operating outside of one's prescribed role or job description. In sharp contrast, the cardinal sin in task-oriented organizations is failing to get the job done on time. An employee is expected to do what is necessary to get a task accomplished; it would be more or less unthinkable to refuse to help because "it's not in my job description."

Clearly the kind of people who are attracted to and maintain their allegiance to such role-oriented organizations are different from those attracted to the task-oriented organizations in our society. They are typically more comfortable with high structure, reluctant to live with ambiguity, and made anxious by overt conflict. Since bureaucratic organizations are structured to exclude emotions, such as anger, from the work place, it is not surprising that such organizations should be attractive to avoiders of conflict. But conflict stemming from incompatible interests and differences of opinion are normal parts of human interactions, including bureaucratic organizations.

Conflict Management

In bureaucracies, conflicts are typically handled by "smoothing over," by denial, by compromising, by any means other than directly confronting the differences in an open manner, acknowledging them, and focusing on conflict-management processes. Conflict-smothering strategies include keeping conflict latent rather than manifest, "sweeping differences under the rug," voicing harmony that is nonexistent, and pretending agreement when there is none. While there are exceptions, it is clear that there is a great deal more open confrontation about differences in the private sector—plant staff meetings, meetings of corporate planning groups, and so on—than there is in human-service organizations.

IMPLICATIONS FOR CONSULTANTS

The significant differences between essentially bureaucratic human-service organizations and those in the profit-making private sector need to be kept in mind by potential consultants. The strong role orientation in human-service systems will frequently lead workers, even highly trained professionals, into questioning the possibility of producing any system change in the organization. Even when workers themselves are supportive of the change, they frequently will question whether "the others" can be convinced that the change is possible. The most frequent response to any suggested change is an examination of the procedures and policies to determine why the program suggested *cannot* work. The negative mind-set and extreme cautiousness require patience and acceptance by the consultant, coupled with an awareness that there are almost always some ways in which the proposed changes can be implemented.

Consultants also need to be aware of the strong conflict-avoidance norms that characterize human-service systems. Strategies that tend to surface conflict or that attempt to legitimize differences among people, such as encounter group meetings of people from the same work group, are highly likely to be anxiety provoking. Indeed, some human-service organizations report that early experiences with this kind of intervention left the organizations virtually destroyed as a consequence of some rather unstructured group experiences in which the consultant urged people to “get things off their chests.” This violation of the long-term norms of the organization can only have negative effects, especially if there is no carefully designed and widely, accepted follow-up in which these hurts can be healed.

Bureaucracy and Size

One frequent criticism of bureaucratic organizations is that there is a greater overlay of administrative control than is found in the private sector. Indeed Parkinson (1957) suggests that the less work done in an organization, the greater the number of bureaucrats. He offers the extreme example of the British navy, which, from 1914 to 1928, showed a 31 percent decline in the total number of men at sea but a 78 percent increase in admiralty personnel. However, during this period there was a technological revolution in sea warfare and a shift from a wartime to a peacetime navy. This law of Parkinson’s has many examples, and consultants are frequently asked to help “reform” the bloated bureaucracy.

It is important for the consultant to bureaucratic human-service organizations to recognize that human-service systems are complex, highly differentiated systems that require a large amount of coordination in order to be effective. For example, when a person applies for some kind of welfare program, not only must eligibility be determined and an overall program of support be established, but health and medical programs often also need to be established, child-support services need to be initiated, counseling and other psychological needs may have to be met, and the entire package of programs must be coordinated. While added administrative personnel necessary for coordination add only marginally to the total productive output of the organization, without this kind of coordination, the entire program will be ineffective. A slashing of the personnel budget is probably not the answer to inefficiency and waste in many such systems.

Clearly, however, the sheer size of many human-service systems is part of the problem. Large school systems, massive hospital complexes, and multiversities preclude any sense of community among their members, and a common sense of shared purpose is almost impossible to achieve. Kasarda (1974), in an examination of 178 school systems in Colorado, found that as systems grow in size and complexity communication becomes more and more difficult, and the failure to resolve these difficulties of communication has dramatic negative effects upon the vitality of the organization. Successful organizations require both a clarity of purpose and a commitment to that

purpose by virtually all the members of the organization. In large, complex, human-service systems these requirements are not present.

Amorphous Goals

In contrast to the single-minded pursuit of profit found in the profit-making sector, human-service systems have rather amorphous goals of “providing quality education,” “promoting human welfare,” etc. It should be noted that although there are issues around goal clarity in the profit-making sector (for example, How much pollution can be permitted in the pursuit of profit? Can quality be sacrificed to meet shipping deadlines?), these issues are always in the context of profitability. In human-service organizations, not only is there no “bottom line” as a final parameter, but there is also no forum for the open and frank discussion of goals and purposes. The vague and nonoperationalized goals are accepted, and, within the ambiguity permitted by such statements, each individual or each individual subunit can do what it thinks best without any sense of acting in contradiction to the organization’s goals. Thus, one hospital unit can press for more research funds and space while another argues for more patient beds, with each unit feeling that its aims fit the overall goal of providing quality health care. It is toward the clarification of these disparate goals that organizational consultants should devote their energies.

Complex Services

Another issue that affects the high personnel costs of human-service systems is found in the very nature of their services. The provision of such services is far more complex, difficult, and demanding than the typical production of a product. In the case of the human-service organization, there is no passive, compliant set of materials that yields to the stamping machine or the welder’s torch; instead, live human beings, with all their fractiousness and independence and their own ideas about what they want done with their lives, must be dealt with. Rendering human services involves higher standards than the production of a product, and there need to be more supervisory checks than one would find in a typical factory. Also, it should be noted that neither the human services themselves nor the supervision of these services can readily be automated, computerized, or otherwise mechanized. Indeed, the efforts to do this cause part of the strong negative reaction to our automated age. We can all resonate with the statement “I am a human being: do not fold, mutilate, or spindle.” The consultant to human-service systems needs to help them become more humanistic, not more mechanical.

MODELS FOR CONSULTING WITH HUMAN-SERVICE ORGANIZATIONS

Three different approaches or models of consultation are useful in working with human-service organizations: the educational, the individual process, and the systems models. The preceding discussion, by clearly focusing on systems issues, may suggest that a

systems model should be the primary mode of intervention. There are few organizations, however, either in human services or production, that have the sophistication to self-diagnose their systems problems and seek consultation from a systems-oriented consultant. Instead, the organization tends to see that there are some kinds of problems confronting the organization and to seek help from either an educational or an individual-process model.

Educational Model

In this case, the client system conceptualizes the problem as a lack of skill or knowledge. As one director of a mental health agency once suggested, “Our major problem is that our performance appraisal system just isn’t working. Maybe the system is not well designed and maybe it’s just that mental health professionals won’t really engage in performance appraisal, but what we need is an expert in performance appraisal to review our system and then teach our supervisory personnel how to do their jobs effectively.” Similarly, a research laboratory director asked a consultant for a series of lectures on organizational behavior so that the supervisors and managers in the lab would have a better understanding of the nature of their roles—at least on some theoretical basis.

In both of these cases, as in thousands more, the client system (or at least one powerful person in that system) has made a diagnostic judgment about the nature of the problem facing the system and also prescribed an intervention strategy. Both of these examples diagnosed a lack of information and proposed a solution to remedy that information gap. As is always true of intervention strategies, the consultant has to start where the client is, but there is usually a serious question about the adequacy of such a self-diagnosis.

The identified concerns may be mere symptoms of more basic and more pervasive problems. For example, rather than a problem in performance appraisal, the mental health agency may have a more generic problem of inadequate leadership, low morale, and a failure of upper management to support those to whom they should have delegated authority. Rather than a lack of understanding of organizational behavior, the research lab staff may be suffering from problems of low cohesion, inadequate direction, and conflicting goal messages from the research director. Thus, the central issue for the consultant emerges: when the client’s diagnosis should be accepted as adequate and when it should be questioned.

It needs to be noted that there are any number of consultants who have packaged programs for teaching performance appraisal, organizational behavior, communication skills, or whatever, and these consultants are ready and willing to provide their programs to the marketplace. Their approach is a commercial one; they describe their programs fairly and sell them to whoever is willing to buy them. If there is any caution, it clearly is “caveat emptor.” There is no dishonesty or immorality to such a program, but it simply differs from that espoused by a professional consulting model. In such a model, the client and the consultant jointly agree to review the symptoms or causes of concern,

to consider the possible causes for these concerns, to develop a series of potential intervention strategies, to consider the potential cost-benefit consequences of these strategies, and then to go ahead with a mutually agreed-upon course of action. Although not all programs of intervention—medical, legal, educational, or psychological—are carried out according to this formula, it does represent the best professional model. The true professional does not insist that “the doctor knows best,” but neither is there an assumption that “the consumer is always right,” as is true for a commercial model of consultation.

If the consultant begins with this professional educational model as one way of considering the situation, he or she may begin to use his or her awareness of systems issues to open up an additional series of alternatives. The consultant may agree that an educational intervention is one possible strategy but, at the same time, begin to question the client’s data base or the processes by which the client determined to use a particular intervention. While, in the final analysis, the client may be right and some educational program may be useful as a first step, the consultant has broadened the client’s understanding of the system, of how to go about diagnosing problems in the system, and of what possible interventions may follow from a variety of diagnoses.

There are many examples of educational interventions that have been designed to meet organizational needs following such a diagnosis. For example, a major U.S. airline was experiencing extreme problems with its counter personnel, who had become abusive to passengers whose flights were delayed or canceled. The consultants called in to help interviewed the personnel and found that they thought the passengers behaved “childishly” when their flights were not on time. It became apparent that the counter personnel then responded “parentally.” Training in transactional analysis was suggested to help the agents understand the dynamics of their own behavior and change it accordingly. A training program was initiated with a highly beneficial result in terms of reduced passenger complaints and reduced absenteeism and turnover on the part of agents. Clearly an educational model can be useful in consulting with human-service systems, but consultants need to be wary about uncritically accepting the client’s stated needs or desires for particular training programs.

Individual-Process Model

The individual-process model, where the focus is on the psychodynamics of one or more members of the organization, is probably the least widely used model in working with human-service organizations—indeed with any organizations. This does not imply that individual processes are not operating in organizations, but rather that the level of conceptualization and intervention is typically focused on a group or a system. While attitudes are always on the individual level, they become part of the psychological characteristics of an organization, its norms and values, when they are widely shared. Indeed, the process of socialization into an organization (Katz & Kahn, 1978) attempts to make certain that all new members of the organization “buy into” these norms and values.

Nevertheless, there are times when an individual process model should be called into use in organizational consultation. It does happen that a single individual's behavior can have strong negative effects on an organization, especially if that person is in a position of power or influence. In one such case, a young corporation executive requested consultation after his participation in a sensitivity training course for managers. It was clear to the consultant that the executive was operating his family-owned company in an erratic and reckless fashion, expanding faster than the marketplace, and paying little or no attention to the company's cash flow. He would not heed the advice of other corporate officers to move more slowly, and there was a sense of quiet desperation throughout the organization.

While it was initially unclear why this competent and well-educated young man was behaving in such a fashion, clinical interviews indicated that he had taken over the company after his father's death, against the protests of his mother, who felt that he was too young for such responsibilities. He was determined to double the net worth of the company within eighteen months after assuming control to prove to his mother that "I'm as much a man as my father ever was!" When the consultant began to focus on the individual processes of this client and the effects of his behavior on his organization, the client terminated the consulting relationship. Within a year, the bankruptcy of the company was headline news in the local papers. Clearly the client's intrapsychic conflicts, which were accessible only through the use of an individual clinical model, were central to the problems facing the organization, and only by dealing directly with these issues could any change have taken place. Although this particular example is not drawn from a human-service organization, it can be assumed that such problems are prevalent in these organizations as well.

Systems Model

Since organizations are systems, it should not be surprising that a systems model for consultation has the widest utility. Since the initial entry of consultants into human-service systems is very often based on an educational model, the utilization of the educational model needs to be understood in systems terms. For example, the introduction of a token economy program in a large mental hospital can be done through an educational model, but, if the system-wide implications of adopting such a model are not worked through, it is unlikely that the program will be successful. There are certain to be issues involving which patients are entered into such a program, how they are to be moved into and out of the program, and who is to manage the program. There is no question that the introduction of any substantial change in an organization will cause a ripple effect through the organization and have profound, long-term implications for the organization. Most of the programmatic changes that fail in organizations do so because the people responsible for the innovation have failed to conceptualize the organization in systems terms and to plan accordingly.

When most of us are asked to describe an organization with which we are familiar, we tend to draw an organizational chart with hierarchically arranged boxes. But such a

static model of an organization is inadequate to describe the important psychological characteristics of any organization, its patterns of communication, power, support, and influence. An open-systems model of organizational life (Katz & Kahn, 1978) is a far more adequate model since it is concerned with the elements of the system, the structure of the system, the interdependency of the elements of the system, and the way the system is embedded in the environment.

Open-systems theory conceptualizes organizations as patterns of recurrent activities in which energy (information, personnel, raw materials, etc.) is imported into the system and transformed in some fashion or another, and the resulting product (or service in the case of human-service systems) is exported back into the environment. In contrast with closed systems, notions of which stem from classical Newtonian physics, open systems maintain themselves through a constant interchange with the host environments, and thus there is a continual exchange of energy between the system and its environment. The analogue of the open-systems model is the living cell, not a static hydraulic system.

Thus an open system involves a recurring cycle of input, transformation, and output. Both the input and output characteristics of the open system keep the system in constant commerce with the environment, while the transformation process is contained within the system. An effective open system requires a balance among the three stages of the cycle, with the input taking into account both environmental demands and the capacity of the transformation cycle, and the transformation process absorbing the flow from the input and moving to the output stage.

Levinson and Astrachan (1976) provided an excellent example of how such an open-systems model helps explain the role of the intake staff in a community mental health center and the problems that such a staff encounters in regulating the organization's boundary conditions. The intake staff held the important and primary responsibility "of regulating the patient-input boundary so as to import an appropriate patient population at a manageable rate" (p. 22). When the intake staff took in more patients than the transformation (or treatment) system could handle, the overflow patients were neglected, transferred or referred elsewhere, or discharged early through the "revolving door."

On the other hand, the intake staff may be highly selective, admitting only a special group of "suitable" patients and turning large numbers away. While this may meet the treatment staff's criteria of suitability, this failure to meet environmental needs leads to a loss of support from the surrounding community. Thus the task of the intake staff is to manage a delicate balance between demand and capability, between environmental need and internal resources, or it will lose credibility in managing its interface between the organization and its environment.

The organizational consultant who can operate from this open-systems model can begin to understand some of the intrinsic issues that will continually emerge in organizations as the cycle of input, transformation, and output is interminably repeated. Such a consultant will understand that the problems involved in the role of the intake staff, for example, are never solvable in any final sense, but rather that there is a

dynamic tension that must always exist in those segments of the organization responsible for boundary-condition management, as the attempt is made to balance the conflicting interests of the system and the environment. The solution that worked today will almost certainly not work tomorrow.

AN OPERATIONAL GUIDE

While open-systems theory provides an overview and a theoretical structure by which a systems-oriented consultant can function, it does not provide an operational guide for actual consultation practice. One such operational guide is found in the work of Weisbord (1978), whose model for organizational diagnosis and consultation is based on open-systems theory.

Weisbord provides a semi-standardized series of questions, rating forms, and areas of inquiry that focuses the attention of the consultant on six interrelated organizational processes that are involved in all organizations and that need to be understood by consultants and their clients. The six processes are (1) purposes, (2) structure, (3) relationships, (4) rewards, (5) leadership, and (6) helpful mechanisms.

The *purposes* or goals of the organization involve both the clarity of these goals and the degree of commitment to the goals by members of the organization. Obviously the former is necessary for the latter. But as one of the characteristics of human-service systems is low goal clarity, a problem that systems-oriented consultants may encounter is a need for increasing that clarity. This effort often involves helping members of the client system to surface and accept differences about goals, differences that have remained latent over some time—not a simple task and one that requires time and energy for both client and consultant.

An analysis of *structure* involves both the formal organization chart and, even more importantly, the informal social structure that helps (or hinders) getting the work done. Many tasks in human-service organizations have low interdependency and probably require less need for close teamwork than is commonly assumed. For example, classroom teachers operate quite autonomously, and a typical elementary school can function fairly effectively with rather distant interpersonal relationships. On the other hand, a team in the operating room or a group of fire fighters cannot. The organizational consultant needs to consider how important teamwork is for task accomplishment and to strive for it only when necessary. Many consultants operating in the human-service area already have a strong value commitment to teamwork, even when it is not necessary for task performance.

The *relationships* that may be involved in an organization include the interpersonal, the intergroup, and the interactive ones between the employees and the technology. Since typically there is little technology involved in human-service systems, this last kind of interaction tends to have little importance. As we noted earlier, a strong norm in human-service systems says that conflict, both interpersonal and intergroup, but especially the former, is “unprofessional” and that human-service workers, especially

those professionally trained, must “get along.” While a failure to confront differences might be assumed to have a disastrous effect on human-service organizations, such is not the case. The low interdependence in such organizations permits the typical avoidance of conflict to work reasonably well, except when real collaboration is necessary, as in long-range planning. However, the inability of these systems to accept differences among members of the organization may be seen as critical in reducing their effectiveness and provide another entry point for the systems-oriented consultant.

Organizational *rewards* include such things as salary, promotions, bonuses, and the like and the more informal, personal rewards and support that one person can give another for work well done. In most human-service bureaucracies, supervisors and managers tend to focus their attention on the former and overlook the latter. The former, however, are difficult to use because of the way such rewards are managed bureaucratically; there is also some question about how well such rewards motivate people. In working with these systems, consultants need to concentrate on helping the system use its informal, psychological rewards more effectively.

The role of *leadership* in an organization is to keep the other elements of the system in balance and constantly to monitor the functioning of the system. In most human-service systems, the task of leadership is poorly understood and legitimized. All too often, the assumption is that the workers are highly trained, competent professionals and that the system runs itself. Perhaps the most blatant example of this notion is the university academic department. One frequent need that the consultant may thus encounter is a clearer understanding of the role of the organizational leader and how that role can be adequately filled. There may be a need for both a theory-based input using an educational model and a series of coaching sessions using the individual-process model.

Helpful mechanisms such as budgeting, management information systems, and evaluation research is the last of Weisbord’s six processes. Unfortunately, all too often these systems are absent, poorly implemented, or abused in human-service organizations. For example, the typical budgeting procedure in human-service agencies requires that future budgets be pegged at previous levels of client services, making innovation and change very difficult and tending to reduce the interest of the agency in developing cost effectiveness. Consultants need to be aware that such agencies’ helpful mechanisms must be integrated into an overall systems approach and that there will be strong resistance to such processes throughout the organization.

SUMMARY AND CONCLUSIONS

Human-service systems touch all our lives, as citizens and consumers. The need to have such systems operate both effectively and humanely should be immediately obvious to even the most casual observer.

For those who are interested in consulting with human-service systems, either externally or internally, the delineation of some of the specific characteristics of these

systems should be helpful. Weisbord's model of organizations is one systems-oriented model for working with human-service systems; the educational and individual-process models can complement the systems model. There are other fairly well-developed and tested strategies (see Goodstein, 1978, for a further discussion of these) for consulting with human-service systems. Both those who would work as consultants in such systems and those who would be consumers of such help need to be adequately informed about the research and theory that is now available.

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■ MULTIPLE MEASURES TO ASSESS THE IMPACT OF ORGANIZATION DEVELOPMENT INTERVENTIONS

Diane L. Lockwood and Fred Luthans

Inevitably, at some time during the career of every organization development (OD) change agent, he or she confronts the enigmatic question “How is it possible to know if what is being done in this organization is really effective?” Obviously, the answer is to *measure* the impact of interventions. Not so obvious, however, are the criteria used to assess so-called “effectiveness” and the particular methods or tools employed to collect data. All change agents have their pet assessment tools such as pre- and post-intervention surveys, formal interviews, informal discussions with managers and others, “hard” data from company records, or systematic observations of organizational behavior. Relying unduly on any one particular assessment tool, however, is behaving somewhat like the child who, given a hammer, proceeds to pound everything with it. In other words, it is no more plausible to rely on one method or only a few methods of assessment than it is to use the same type of OD intervention strategy regardless of the particular needs and constraints of the client organization. Sechrest (1971) suggests that any single data-collection method, to a greater or lesser extent, is fallible in its validity and that proper recognition of the effects of the method on assessment techniques is lacking. Webb, Campbell, Schwartz, and Sechrest (1966) have, therefore, maintained that “it is convergence in the consistency and direction of findings yielded by a combined series of different measures, each with its idiosyncratic weaknesses, which leads to the most fertile search for validity” (p. 174).

Taking the lead of Webb et al. (1966), we are suggesting that OD practitioners and researchers should employ a multiple approach to measuring the nature and extent of organizational change. Specifically, the purposes of this paper are (1) to survey the different methods and techniques currently used to assess the impact of OD interventions; (2) to discuss the strengths and weaknesses that characterize these methods; and, finally, (3) to suggest some alternative but heretofore seldom-used methods of data collection and measurement that could be used in future assessment research.

Measurement of the impact of planned-change programs is greatly dependent on *what* criterion variables are selected to be analyzed and *how* data relevant to these variables are collected. For example, criterion variables used to assess organizational

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change may include overall performance, productivity, employee satisfaction, and/or profit. These variables, in turn, may be operationalized and measured by utilizing employee and supervisory performance ratings, unit productivity data, self-report satisfaction questionnaires, and/or financial records. Obviously, these examples of criterion variables are not the only ones that may be used to assess change. Furthermore, the above variables may be operationalized and measured in ways different from those previously mentioned. However, it is usually recognized (e.g., Cantalanello & Kirkpatrick, 1968) that four levels of evaluation can best be used to assess the impact of OD interventions:

- a. *Affective Reactions*: participants' attitudinal responses to the intervention program per se (e.g., Did participants *like* the program? Did they find it interesting, useful, or beneficial?);
- b. *Learning*: participants' understanding and retention of material covered in the program (e.g., Did participants *learn* anything as evidenced by, for example, pre-post difference scores on multiple-choice tests, follow-up interviews, or open-ended survey responses?);
- c. *Behavioral Changes*: participants' actual behavioral changes on the job, as evidenced by, for example, observational response frequency charts; and
- d. *Performance Changes*: "hard" organizational measures (e.g., productivity and quality rates, sales volume, profit, absenteeism, and turnover), as well as more subjective performance appraisal ratings.

All too often we are tempted to stop at the first level of analysis (affective reactions), or, conversely, we jump to the fourth level (performance changes) without an adequate assessment of learning and behavioral-change correlates of organizational performance changes. Obviously, various assessment techniques are more or less appropriate to these different levels of evaluation.

ASSESSMENT TECHNIQUES FOR OD

Five assessment methods (the questionnaire, the interview, observation, archives, and self-generated measures) are reviewed here with special emphasis given to the strengths and limitations of each (see Table 1). This list of methods is not intended to be exhaustive, but it does include the most common and potentially useful techniques.

The Questionnaire

In the behavioral sciences as a whole, research and resulting field applications are based largely on questionnaire data. In a recent literature review of organization development research, Pate, Nielsen, and Bacon (1976) found that over half the studies did not employ any data-collection methods other than attitude and perception questionnaires. A quick examination of any journal in the field of organization change gives evidence of the reliance on questionnaire instruments.

Table 1. Methods Used to Assess the Impact of OD Interventions

Method	Examples	Type(s) of Data Generated	Strengths	Limitations
<i>Questionnaire/Survey</i>	<ul style="list-style-type: none"> ■ Michigan Organizational Assessment Package (Nadler, 1975) ■ Quality of work life or climate surveys ■ Job Diagnostic Survey (Hackman & Oldham, 1974) ■ Job Orientation Inventory (Blood, 1969) ■ Study of Values (Allport, Vernon, & Lindzey, 1960) ■ Managerial Grid (Blake & Mouton, 1964) ■ Various instruments contained in Pfeiffer & Jones (1972-1993) ■ Sociometric choice questionnaires ■ Tests/exams 	<ul style="list-style-type: none"> ■ Affective reactions: attitudes, satisfaction, personality, preferences, perceptions, motivations, values ■ Demographic details: age, sex, job position, salary, length of service, education, location ■ Structural variables: hierarchy, span of control, decentralization, ownership, departmentation, environment ■ Subjective performance ratings (e.g., employee or supervisory performance appraisal forms) ■ Learning and understanding of concepts 	<ul style="list-style-type: none"> ■ Ease of administration, especially for longitudinal purposes ■ Relatively low cost of processing results ■ Ease of generalizing results in comparison to more situationally bound methods ■ Assurances of anonymity of responses ■ Known reliability with standardized instruments ■ Few restrictions on content 	<ul style="list-style-type: none"> ■ Obtrusiveness (e.g., “social desirability” response biases) ■ Individual differences in interpretation of items and scales ■ Reactive effects of testing in which a pretest becomes an intervention in itself ■ Questionable validity ■ Need to exercise caution when making inferences from attitudinal to behavioral or performance data
<i>Interview</i>	<ul style="list-style-type: none"> ■ Individual: one-on-one interchange with internal or external change agent in which responses and questions vary on a continuum from unstructured (open-ended) to structured ■ Work groups: interviews with intact work units using group-on-group techniques, tape recordings, etc. 	<ul style="list-style-type: none"> ■ Affective reactions (e.g., attitudes, perceptions, likes/dislikes, desired changes) ■ Descriptive (e.g., organizational policies and procedures, organizational history, job descriptions, long- and short-range goals) ■ Processes (e.g., decision making, communication, planning, control, coordination, conflict management) 	<ul style="list-style-type: none"> ■ Virtually unrestricted content, depending on the nature of the questions asked ■ Usefulness in hypotheses-generation phase to identify critical variables ■ Flexibility to probe ambiguous questions and responses 	<ul style="list-style-type: none"> ■ Cost and time necessary to conduct and process ■ Reactive effects: interviewee self-selection of information and interviewer perceptual biases ■ Less amenability to quantitative analysis ■ Difficulty of generalizing results

Table 1(continued). Methods Used to Assess the Impact of OD Interventions

Method	Examples	Type(s) of Data Generated	Strengths	Limitations
<i>Interview</i> (Continued)			<ul style="list-style-type: none"> ■ Ability to give change agent some indication of clients' willingness to confront issues (i.e., climate of trust) ■ Increase in the probability that individuals will be involved in subsequent action and follow-up because of specific attention paid them 	
<i>Observation</i>	<ul style="list-style-type: none"> ■ Unstructured naturalistic observation of ongoing phenomena to develop categorical schemes (Mintzberg, 1973; Bales, 1950) ■ Content analysis of journal, client log, or calendar entries ■ Deposit studies (famous content of the "trash can" studies, Webb et al., 1966) ■ Structured participant observation or "confederate" studies of ongoing phenomena 	<ul style="list-style-type: none"> ■ Virtually unlimited (e.g., affective reactions; descriptive structural learning; behavioral, performance, process data) 	<ul style="list-style-type: none"> ■ Provision of insight into previously unexplored phenomena, thus facilitating development of new categorical schemes ■ Minimal respondent reactivity, depending on the degree to which observers and methods constitute a natural part of the original environment ■ Reliable results, provided high intercoder agreement achieved ■ Provision of construct validation for instruments, using comparison of "known groups" methods, enhancing meaningfulness and relevancy of data generated 	<ul style="list-style-type: none"> ■ Cost and (especially) time needed to record and process ■ Need for internal "confederates" or access to the client organization over an extended period of time ■ Requirement of a high level of expertise in the initial stages of development ■ Ethical issues surrounding unobtrusive data collection ■ Observer biases, although minimized when intercoder agreement is achieved ■ Changes in standards of observation when different observers are used at different times

Table 1(continued). Methods Used to Assess the Impact of OD Interventions

Method	Examples	Type(s) of Data Generated	Strengths	Limitations
<i>Archives</i>	<ul style="list-style-type: none"> ■ Organizational history documents ■ Productivity records ■ Financial records ■ Personnel records ■ Time records ■ Government regulatory reports 	<ul style="list-style-type: none"> ■ Corporate by-laws, stock issuance and transfers, minutes from board of directors' meetings, policies of all types ■ Quantity, quality, ratio, or percentage data (e.g., productivity, quality, maintenance, scrap, sales, inventory control rates) ■ Fiscal data (e.g., profit/loss, return on investment, labor cost, support system cost, forecasting errors, taxes, reserves, bank notices, stockholders' dividends) ■ Job descriptions, promotion-demotion, transfers, recruitment, exit or debriefing data, attendance, absenteeism, turnover rates, grievances ■ In/out time, overtime, turn-around time, shipping or delivery time, claim processing time ■ OSHA safety records, EPA, EEOC/affirmative action, Labor Department, SEC, FDA, Treasury Department, ICC, FAA, FCC, etc. 	<ul style="list-style-type: none"> ■ Relative inexpensiveness and minimal time necessary to collect, particularly if ongoing in-house MIS records are used ■ Top management's preference of quantifiable performance data to other more qualitative data ■ Particular suitability to longitudinal, forecasting, and quantitative decision-making techniques 	<ul style="list-style-type: none"> ■ "Selective editing" of records or "doctored" reports ■ Susceptibility to changes in record-keeping procedures over time, thus making comparisons across time difficult ■ "Mushy measurements" problem, which contributes to the difficulty of data interpretation

Table 1(continued). Methods Used to Assess the Impact of OD Interventions

Method	Examples	Type(s) of Data Generated	Strengths	Limitations
<i>Self-Generated</i>	<ul style="list-style-type: none"> ■ Action plans ■ MBO ■ Behavioral frequency charts ■ Behaviorally Anchored Rating Scales (BARS) ■ Performance check-off systems (e.g., number of units completed, customer service calls, pickup and delivery logs) ■ Employee-completed performance appraisals and career development self-assessments 	<ul style="list-style-type: none"> ■ Learning and development ■ Behavioral ■ Performance 	<ul style="list-style-type: none"> ■ Relative inexpensiveness when collected as part of ongoing organizational activities ■ Particular usefulness for follow-up studies that assess progress toward goals and objectives ■ Ability to determine coder reliability and accuracy of recording through cross-checking of reports ■ Likelihood of generating meaningful and valid data because of employees' active participation in assessment ■ A potentially valuable mechanism for immediate and ongoing feedback 	<ul style="list-style-type: none"> ■ Reactive effects: possible recorder biases in self-assessment strategies ■ Need to exercise caution when making inferences from behavioral data to affective or psychological states ■ Possibility of overloading employees with paperwork

Advantages

Reasons for the extensive use of questionnaires are obvious. First, there are numerous standard questionnaires that are easily accessible to evaluators. This availability eliminates the tedious rigor and time involved in developing new instruments for each assessment effort. Second, questionnaires are relatively easy to administer. This becomes an especially important consideration when data are collected at multiple points in time for purposes of longitudinal analyses. Third, questionnaires do have certain advantages over other assessment techniques. In general, the positive aspects of questionnaires include the following:

- a. Ability to generalize is greater in comparison to other more situationally bound methods (e.g., “critical incident” methods);
- b. Restrictions on content are minimal;
- c. High reliability can be obtained by using standardized procedures that are generally known and successfully tested; and
- d. Clarification and depth of responses are possible when open-ended items are included on the instrument.

Disadvantages

On the other hand, questionnaires also have some severe limitations. Webb et al. (1966) have emphasized that questionnaires tend to be highly reactive and obtrusive. In other words, when respondents are aware that their behavior is under scrutiny, their behavior changes on this basis alone. Questionnaires also may lack validity. Even though a questionnaire may have reliability (consistency and accuracy), this is not a guarantee of its validity (measurement of what it is supposed to measure). Possible threats to the validity of questionnaires include “social desirability biases” (Golembiewski & Munzenrider, 1975), questionable anonymity, language difficulties, and extreme-response sets. In addition, the concept of individual differences (Guion, 1973) can be particularly problematic. For example, it is difficult to determine whether questionnaire measures of attitudes are more reflective of individual differences in perceptions of different work roles or of the intended properties of the organizational environment. Most importantly, perhaps, questionnaire results should not be regarded as an end in themselves; rather, they should be considered only as a springboard or means to stimulate further discussion and analysis of the issues surfaced.

Questionnaires are obviously needed for a variety of reasons, but they should clearly not be the only measure used and should always be used in combination with other measures. A multiple-measure approach enables the evaluator to examine the extent of convergence among many different findings. Simply, consistency or inconsistency of findings across different measures is very important to the validity of any assessment effort.

The Interview

Interviews rank with questionnaires as a popular way of gathering data for organizational-change research. White and Mitchell (1976), for example, found that twenty-six out of the forty-four studies reviewed relied on subjective reports by participants as their method of measurement. Despite its popularity, there is a tendency to disparage the interview method on the ground that it yields qualitative “anecdotal” or “testimonial” evidence. The advantages are seldom recognized. (See Jones, 1973, for a full consideration.)

Advantages

According to Crano and Brewer (1973), the interview represents one of the most useful methods of data collection in the hypothesis-generation phase of a study or a systematic assessment. Rather than arbitrarily choosing a specific set of hypotheses from the multitude of possibilities, the evaluator can more clearly focus efforts through the use of questioning techniques in an interview. Such interviewing can lead to a concrete, manageable series of propositions. Lofland (1971) provides a useful guide for conducting such interviews.

Interviews also have the advantage of flexibility. There is the possibility of exploiting an unexpected lead or of probing ambiguous responses (Sechrest, 1971). Finally, the interview can be legitimately employed in a field setting to cross-validate obtained relationships. For example, one study of organizational change (Benedict, Calder, Callahan, Hornstein, & Miles, 1967) found that qualitative data and the interviewees’ impressions prior to seeing the data agreed that the OD intervention was not successful.

One comparison of questionnaire and interview data that was collected by one of the authors in a consulting project is shown in Figure 1. Using the interview transcripts, frequency counts of specific responses were made by two highly trained interviewers working independently. Items on which the coders agreed were retained for the content analytic summary report. Comparison of the data yielded by the two methods, summarized in Figure 1, illustrates that there is substantial agreement between the two results, although the interview data are relatively more explanatory. Such convergence of results yielded by two different methods increases the validity of the assessment.

Disadvantages

Serious weaknesses to the method of interviewing, however, are that it can be extremely costly and time consuming. In addition, similar reactive threats to validity discussed under questionnaires also apply to interviews.

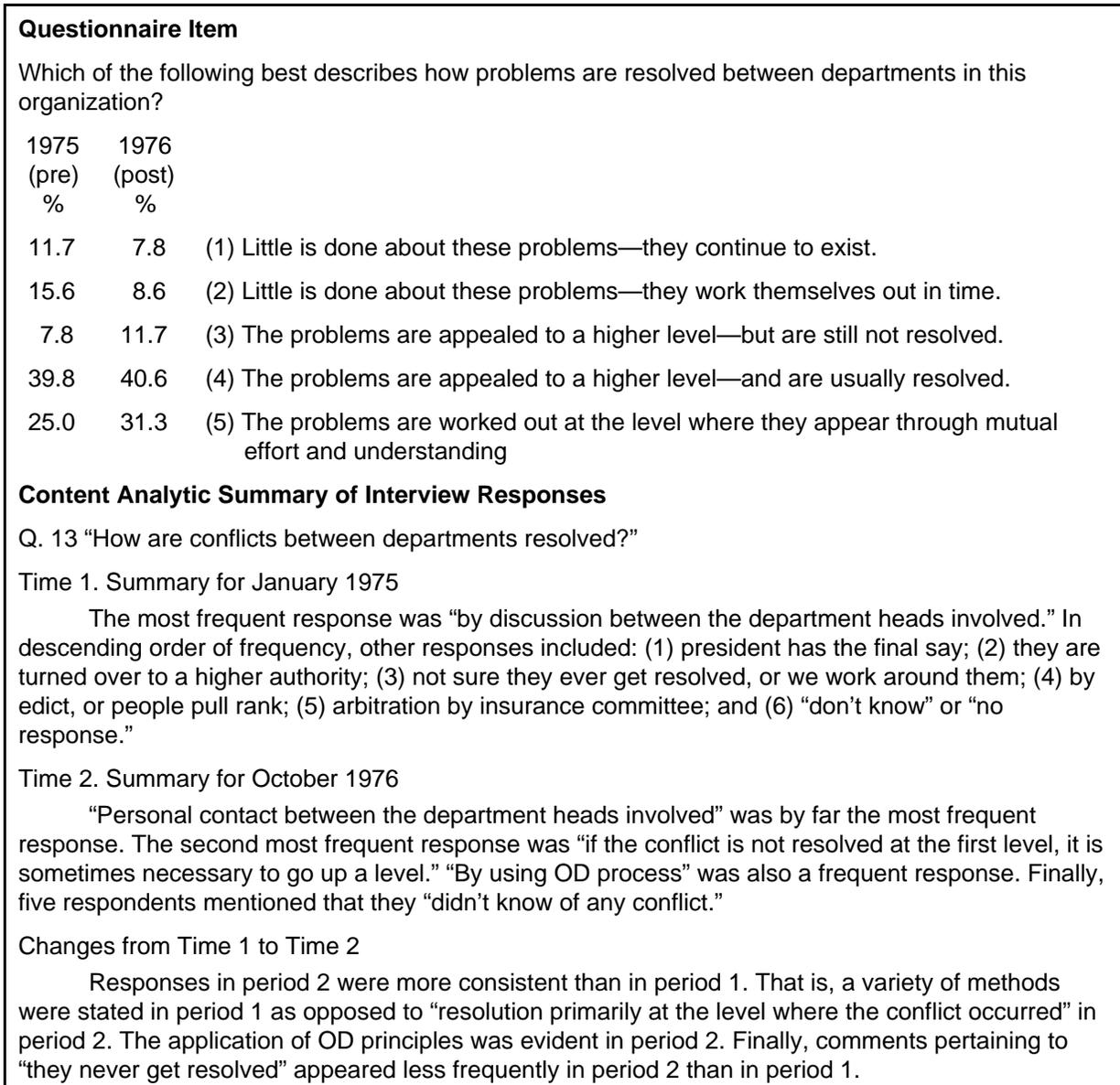


Figure 1. Sample Comparison of Questionnaire and Interview Data

Observation

Ideally, the evaluation of organizational change should follow three major stages:

1. First, there should be *systematic observation* of the change that occurs in the actual setting. This observation in the naturalistic setting allows the assessor to suggest functional or causal relationships between the change technique and its intended effect.
2. Second, the suggested *relationships should be isolated* and verified under more highly controlled experimental (field or laboratory) settings.

3. Finally, there should be a *reevaluation* and *verification* of the findings in the second stage through systematic observation in the naturalistic setting.

Traditionally academic researchers have ignored the first and third phase and concentrated on experimental studies; OD practitioners have done a peripheral, nonsystematic job of the first and third steps and ignored the second experimental step. What is called for is systematic observational techniques that precede and follow the more scientifically rigorous experimental methods (e.g., control-group designs) of evaluation of organizational change efforts.

Advantages

Observational techniques have very distinct advantages as a basic data-collection method for the assessment of organizational change. Even relatively unstructured observations can provide initial descriptive information useful in the construction of a category system for investigating previously unexplored phenomena. Bales' (1950) early work with interaction analysis, for example, was originally developed by utilizing a series of relatively unstructured observations of group processes. Later Mintzberg (1973) developed an effective observational method to describe characteristics that typified the nature of managerial work. Another example is the use of observational techniques by Benedict et al. (1967) to provide a detailed content-and-process summary of group meetings within an educational system. Written or tape-recorded "process observations" by participants in OD team skill-training sessions are an example of the way observational analyses can be conducted. Also, Nadler, Jenkin, Miruis, and Macy (1975) have urged the use of structured observations of task characteristics for validating the assessment of job-enrichment interventions. To help the practitioner better understand and use the mechanics of systematic observation and analysis, the work by Lofland (1971) is suggested.

Probably the greatest single advantage of the measurement technique of observation is that it can minimize respondent reactions. The key to this advantage is to use natural participant or "confederate" methods and to conduct the observation unobtrusively. It may not be as difficult as it sounds. Margulies and Wallace (1973) point out that with a little practice managers and secretaries alike can become skillful in the use of structured observations. Furthermore, these employees are a natural part of the organizational environment. An example of an unobtrusive observational approach is the measurement of physical distance between interacting persons (Hall, 1963, 1966). A relatively large physical distance may be indicative of stress in supervisor-subordinate relationships.

Methods for observing and recording nonverbal behaviors are reviewed by Knapp (1972). As previously discussed, instruments are subject to biases about social desirability, particularly with "leadership style" questionnaires. That is, respondents assume that some styles are more socially acceptable than others and thus create an evaluation bias. Every internal psychological dimension, according to Webb et al. (1966), can be expected to manifest itself in a variety of ways, some more or less

accessible to observation. The point is that the gathering of observational data appears to be limited only by the creativity and imagination of the evaluator.

Disadvantages

The disadvantages inherent in observational techniques are fairly apparent. First, when the behavior being observed is obtrusively recorded, these techniques are subject to the same response biases as questionnaires and interviews. Although the highest ethical standards must always be maintained, observational methods should be as unobtrusive as possible: hidden, secretive recording is not called for; common sense is.

Second, a primary consideration in any method of assessment is its reliability: “Do the ratings of two or more observers who have witnessed the same event(s) coincide?” Agreement between raters is the major goal, since, without it, little use can be made of the unreliable data. Unless the data are *reliable*, they cannot be *valid*. Paul, Robertson, and Herzberg (1969) were able to obtain reliable data (i.e., data with high rater agreement) from unobtrusive observational techniques in a research and development department of a major chemical firm.

Other potential methodological problems with observational techniques are observer bias, changes in standards of observation over time, and high drop (useless data) rates (Webb et al., 1966). However, used appropriately, observational methods can be a valuable supplement to almost any other kind of measurement in OD assessment.

Archives (Organizational Records)

Public and private organizations continuously keep numerous records that reflect various dimensions of organizational performance. Productivity, quality rates, profit, cost, grievances, absenteeism, and turnover are common examples. Nadler et al. (1975) developed some useful behavioral economic measures that include standardized methods of data retrieval from archival records. Longitudinal data on hard measures of organizational performance, however, are notably absent in the OD assessment literature (Nielsen & Kimberly, 1974).

Perhaps a major reason for the underutilization of hard measures is that the dominant way of thinking about organizational behavior purports that attitudinal changes precede behavioral or performance changes. It follows, then, that change agents will concentrate their assessment efforts on attitudinal rather than on performance changes. However, if a behavioristic instead of a cognitive perspective is taken, the behavioral, not the attitudinal, link to performance is emphasized more. There is as much evidence that behavioral changes lead to attitudinal changes as there is for the reverse. For example, Porter and Lawler (1968) have demonstrated that performance *led to* satisfaction. Furthermore, quantifiable performance data are, from a pragmatic viewpoint, generally preferred by top management to other “soft” attitudinal measures.

Once again, the suggestion is not that assessment of attitudes should be abandoned when determining the impact of OD interventions; rather, attitudinal data should always

be used in combination with other quantifiable, archival measures of performance. Such emphasis would enhance the overall credibility of OD as a viable change strategy.

Advantages

Archival data have certain clear advantages when compared to other assessment measures. For example, archival data generally do not prompt reactions since the records constitute a natural part of the organizational environment; they have been compiled for other than current purposes. In addition, archival data are “just lying there” and thus cost little to obtain and are usually readily accessible. Another big advantage of archival data is that they allow evaluation over changing conditions and times and thus are particularly suitable for longitudinal analyses of organizational change.

Disadvantages

Just as with other techniques, caution must be exercised in the interpretation of archival data. First, information contained in organizational records may be selectively edited in order to make the figures “look good.” In other words, “the statistical lie” syndrome is often present. Consequently, organizational records should be checked against other reports for validity. Second, archival data are subject to intra-instrument processes (Campbell & Stanley, 1966) in which record-keeping procedures may change over time. This problem is especially acute if a large personnel turnover or absenteeism rate is evident. Therefore, if possible, basic record-keeping procedures for performance assessment should be held constant throughout the period of evaluation. Record-keeping procedures should also be the same across comparison groups.

A third problem encountered in the use of archival data concerns what Meyer (1971) calls “the mushy measurements problem.” Clearly, many contaminating variables affect performance measures, and, consequently, the interpretation of organizational change data is difficult. Normal fluctuations in business cycles, large wage settlements, and new competitors are only a few examples of contaminating variables that may be beyond the control of the evaluator but that nevertheless affect performance measures. If care is taken to recognize and account for record-keeping errors, however, they need not preclude the use of archives as an effective method for assessing the impact of OD interventions.

Self-Generated Measures

There are some occasions on which dimensions of organizational change can be measured by those directly involved. For instance, organizational participants are often the only ones who can realistically determine which specific behaviors will have the greatest impact on performance. Data relevant to such performance-related behaviors can then be used to assess organizational change. Examples of self-generated measures include action plans, objectives used in management by objectives (MBO), behavioral-

frequency charts, self-recorded performance check-off systems, and behaviorally anchored rating scales (BARS).

Action planning is commonly used in OD survey feedback and team-building techniques to identify: (1) *what* has to be done (goals); (2) *how* it is going to be done (processes and procedures); (3) *who* is going to be involved and who is responsible; and (4) *when* it is going to take place (start/finish dates). Once organizational goals or objectives are identified by participants in the planned-change process, means for attaining those goals must be specified in ways that are quantifiable, i.e., measurable. For example, if one objective of an employment agency is to increase job placements by 10 percent by the end of the following year, then the *number* of job placements is quantifiable. Similarly, if one supporting aim of the employment firm is to increase the number of phone calls made by personnel agents to client organizations, then the number of phone calls made in a given time period is quantifiable. In this manner, progress data generated from follow-up studies of action plans could be measured and analyzed to assess changes in organizational performance. Similar data are generated using MBO techniques.

Another method of collecting quantifiable performance-related data is by the use of response-frequency charts generated during organizational behavior-modification interventions (Luthans & Kreitner, 1975). In this approach, performance-related behaviors are first identified and then their occurrences are charted over a specified time period. Data collected from the tally sheets can be analyzed to assess quantifiable performance changes tracked over time.

Specific employee behaviors related to organizational performance can also be measured by the appraisal technique of behaviorally anchored rating scales (BARS). In essence, the BARS instrument is developed by asking supervisors to identify behaviors directly relevant to job performance. Supervisors then rate employee performance on the basis of these behaviors, and items with low interrater reliability are discarded. According to Cummings and Schwab (1973), the BARS technique is still subject to most of the limitations inherent in questionnaires (e.g., reactive effects), but it does appear to have at least two major advantages. First, items are tested on supervisors within the organization to determine the extent of intercoder reliability. Second, the supervisors' participation aids in the development of scales with a high degree of relevant meaning to the users of the instrument.

Advantages and Disadvantages

The fact that self-generated measures represent the respondents' own criteria for effectiveness and that these measures are usually flexible enough to be tailored to the relevant situation are two of their advantages. In addition, because these measures are collected in most organization development interventions and some appraisal programs, they are easily obtained for analysis. However, there is the possibility that the data in self-generated measures will be distorted because the respondent is obviously aware that he or she is being measured. Therefore, the researcher should always check the accuracy

of self-reports by cross-validating them with other measures. On the other hand, there is some evidence (Emery Air Freight, 1973) to indicate that valuable data may be obtained by positively reinforcing accurate, not necessarily good, self-recorded behavior. Finally, and perhaps most importantly, self-generated measures are an invaluable mechanism for immediate and ongoing performance feedback to employees.

SUMMARY AND IMPLICATIONS FOR THE FUTURE

The use of multiple assessment measures that compensate one another in strengths and weaknesses adds an important degree of validity to the conclusions concerning the impact of OD interventions. It must be recognized that no single measure is satisfactory by itself, all measures are subject to the effects of the particular method. Recognition of the factors that jeopardize the reliability and validity of measures as well as their consistency of findings is critical to the meaningful assessment of organizational change.

Professional respectability should not be based on the particular methods by which data are collected. Rather, the key should be the validity and appropriateness of the measuring techniques as applied to the specific organizational setting. Recent critical self-appraisals by many organizational practitioners and researchers have resulted in a renewed appreciation for data-collection methods other than questionnaires and interviews. Following the lead of Webb et al. (1966), it is suggested that increased attention be given to the availability of organizational-change assessment methods such as (1) naturalistic observations, (2) participant observations, (3) archival data retrieval, and (4) self-generated measures.

Clearly, a major task confronting future OD change agents is the determination of specific "if-then" contingency relationships (Luthans, 1976) between various types of OD interventions and the most effective assessment methods appropriate to a given client organization. Ideally, a contingent relationship of this nature would take the following form: "Given X intervention(s), then a combination of A, B, and C methods would be most appropriate to assess organizational impact along specified criteria."

Unfortunately, OD assessment research appears to be lagging far behind the practice of OD. Thus, specification of such verifiable contingency relationships is not yet possible. Moreover, the particular combination of measures that would be most appropriate depends on the idiosyncratic characteristics of a given client organization. Renewed attention is, however, being paid to assessment by both practitioners and academicians. It is hoped that this discussion has made the reader more aware of the methodological options available, as well as of the necessity for using multiple measures, in assessing organization development change efforts.

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■ A METHOD FOR STRUCTURED NATURALISTIC OBSERVATION OF ORGANIZATIONAL BEHAVIOR

Dennis N.T. Perkins, David A. Nadler, and Martin D. Hanlon

INTRODUCTION

Observation in Organizational Assessment

Groups and organizations are characterized by cycles of events (Katz & Kahn, 1978), and each cycle is made up of episodes or sequences of behavior. Any one sequence is jointly determined by factors in the individual members as well as factors in the social environment (Porter, Lawler, & Hackman, 1975). Because individuals develop and execute patterns of behavior over time, the total behavior in the organization is dynamic and complex.

This complexity is difficult to measure, and many methods of data collection for organizational research are simply not adequate for capturing the stream of behavioral phenomena. For example, perceptually based measures such as interviews and questionnaires provide *post hoc* information; that is, something may be assumed to cause a behavior merely because it occurred prior to the behavior. In addition, past events and behaviors are modified by the perceptual filters of individuals who are reporting or responding (Staw, 1975). Attempts to measure behavior through the use of secondary data sources, such as measures of productivity, absenteeism records, and turnover statistics (see Macy & Mirvis, 1976), also present problems. Each type of data indicates only a specific piece of behavior taken out of its social context. Finally, the data-collection processes themselves frequently are fraught with error.

An alternative approach to gathering data about behavior in organizations is the use of observational methods. Observational methods were used frequently in the study of organizational behavior in the past, but other data-collection technologies methods (particularly survey methods) eventually superseded them. Observational methods, however, still provide a unique perspective, since the data-gathering instrument is the observer. A trained and perceptive observer is capable of collecting and integrating more data about complex and dynamic sequences of behavior than can be gathered through any other research method. Thus, the disadvantages of observation as a data-collection method may be balanced by its value within the context of a multiple-methods approach.

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Advantages and Disadvantages of Observation

A distinct advantage of observation as a data-collection method (see Nadler, 1977) is that the data gathering occurs *in situ*, in the actual presence of the behavior. Observation also allows the behavior (either continuous behavior or behavior measured at selected points in time) to be analyzed over a period of time. In addition, the observer can interpret the behavior of organizational members within the context of the social structure and climate of the organization. Finally, observation is adaptive; the focus of the observer's investigation can be shifted to take into account changes in the functioning of the organization. Unpredicted events or unanticipated consequences of organizational changes can be integrated into the observational model.

Although the scope and flexibility of observational methods constitute major strengths, the characteristics of the method also lead to problems. The totalistic nature of observation means that the observer is faced with many choices. There are critical questions of sampling: Which events should be observed? What locations within the organization should be given the most attention? What types of behavior should be recorded? The observer also must be continually aware of the fact that his or her presence in the organization may alter the situation being observed in subtle but important ways. Finally, observation is an active process; because the observer must make frequent choices about what to observe and how to integrate incoming data, no two observers will report the same data about the functioning of an organization. One of the major aims of this paper is to describe how some of these sources of bias can be overcome without sacrificing the unique advantages of observational methods.

Organization of This Paper

This paper presents one approach to the observation of behavior for assessment purposes in complex organizations. This approach is called *structured naturalistic observation*. It is naturalistic in that it does not predetermine the phenomena to which the observer will attend. Rather, the observer is placed in the presence of a stream of behavior in a natural setting and is guided only by general frameworks. At the same time, the approach is structured in that specific procedures are used to record observations and to store the resultant data.

In the first part of this paper, the basic rationale for structured naturalistic observation will be presented. Next, the specific instruments and procedures of the method will be described and discussed. Some perspectives on how the technology might be implemented in the field will follow. Sample observations, coding schemes, and additional instruments will be included in an appendix.

THE RATIONALE FOR STRUCTURED NATURALISTIC OBSERVATION

Approaches to Observation

The history of observational methods in the social sciences reflects a diversity of contexts, theoretical developments, and applications. Observation as a research method evolved more or less independently in different disciplines as a set of techniques for dealing with particular research problems. This absence of a common heritage is the cause of some of the more intractable problems of observational research, which lacks both a widely accepted and consistent terminology and the degree of codification of procedures that is characteristic of other research methods.

The observational methods that have been used in the study of organizational behavior from three disciplines in particular: psychology, anthropology, and sociology (see Hanlon [1979], Heyns & Lippitt [1954], and Weick [1968] for reviews of pertinent literature). Methods adapted from psychology have been used primarily for the observation of behavior of individuals or small groups (see, for example, Argyris [1962] and Bales [1950, 1971]). Typically, these approaches focused on micro behavior, i.e., specific and discrete instances of behavior that can be reliably observed, coded, and counted. Patterns of behavior are then inferred from analysis and aggregation of the pieces of data.

Another source of observational methodology has been anthropology. The organizational literature (for example, Sayles, 1964, and Whyte, 1955) reflects this tradition. The researcher is immersed in the subject and observes activity ranging from micro to macro level phenomena. The objective is to identify patterns of behavior in order to develop explanatory frameworks that can be used to understand those patterns.

Perhaps the most extensive contribution to the theory and methods of observational research in complex organizations has come from the discipline of sociology. The difficult issues of validity in observation-based research have received considerable attention (e.g., McCall & Simmons, 1969) in this field, and the recent literature includes several useful attempts to provide “how-to-do-it” knowledge of observational methods (Bogdan & Taylor, 1975; Schatzman & Strauss, 1973). The methodological and ethical dilemmas inherent in the role of the observer have been extensively described (Erikson, 1967; Gold, 1958; Miller, 1952; Scott, 1963), and sociological researchers using observational methods have made extremely important contributions to the scientific understanding of complex organizations (for example, Blau, 1955; Gouldner, 1963). At the present time, however, there is no long-range study of the use of observation-based methods in organizational research.

Bias and Structure in Observational Methods

Although organizational researchers have used a wide range of observational strategies that are based on different disciplinary traditions, most of these strategies share certain characteristics. Most basically, the observer is the principal data-gathering instrument.

Although other instruments or procedures may be used, it is the observer who sees the events and records them.

As was mentioned earlier, the use of the observer and the choices that the observer makes while collecting data constitute both the major strengths and the most critical weaknesses of observational methods. Because the observer can make choices about what, when, and whom to observe, the method is adaptive and flexible. It is, therefore, well suited to the observation of dynamic phenomena or streams of behavior over time. Because the observer, through the choices that he or she makes, selectively perceives patterns in behavior and feeds back these interpretations into the ongoing collection of data, the strengths of the method also are potential sources of bias. Thus the choices made constitute potential threats to the validity and reliability of the data collected.

One way of dealing with the potential bias is to structure the actions of the observer, thereby reducing the number and extent of choices to be made. Two dimensions of observation can most easily be structured. First, the focus or content of the observational activity itself can be structured, since it is possible to specify the particular classes and types of behavior to be observed. An example is Bales' (1950) scheme, which defines and identifies specific types of interaction to be observed. Second, the method of recording the observational data can be structured. The specific notations, coding schemes, etc., can be specified, to guide the observer in recording data. An example of this approach is the standardized job-observation techniques developed by Jenkins and Nadler (Jenkins, Nadler, Lawler, & Cammann, 1975; Nadler & Jenkins, 1978), in which fixed, finite response categories are used to rate job characteristics.

One can think of the range of observational methods and structure in terms of a two-dimensional space. One dimension represents the degree to which the content of the observation is structured. The other dimension represents the degree to which the method of recording is structured. Other points in the space represent different degrees of structure of each type.

The fundamental structural trade-off is one of validity and reliability as opposed to flexibility and adaptiveness. As the method becomes more structured, the choices available to the observer decrease—as do opportunities for bias or error. At the same time, reduction of choice mitigates the capacity of the method to be adaptive and integrative.

Within this context, structured naturalistic observation involves relatively unstructured content (to preserve the adaptiveness of the method) but a relatively structured recording process (to create a measure of comparability and consistency in the observational data). It reflects one trade-off of degrees of structure and is just one of many combinations that are possible.

INSTRUMENTS FOR STRUCTURED NATURALISTIC OBSERVATION

Structured naturalistic observation assumes a relatively skilled observer who is familiar with concepts and patterns of organizational behavior. The observer is not highly limited

in terms of *what* to observe, but a specific structure is provided for *communicating* what has been observed. This structure is necessary if the observational record is to be made up of comparable data in a retrievable form.

The issue here is how to structure the communication of what has been observed. Typically, if one were to observe a series of activities involving people and report what was seen, the report would include various kinds of information. It is likely that it would mention specific activities or behaviors that occurred. These would be tangible and discrete occurrences, and it would be possible to verify whether or not they did occur as described, especially if several observers were present or if the sequence were videotaped. On the other hand, the report would probably be more than a listing of tangible events. It might include attempts by the observer to make sense of what was seen, to identify patterns, to determine causes and effects, and so on. Of course, these would be speculative. The observational record also might reflect the feelings that the observer had while watching the activity or behavior. If, for example, the observer found one of the people being observed to be personally distasteful, it could influence how that person's behavior is described or explained. The observer, therefore, communicates some perceptions of tangible events, some interpretations of what those events mean, and some feelings he or she experienced during the period of observation. The problem is that these are frequently interwoven, and it is difficult to evaluate the different types of information.

Theory related to interpersonal communication and behavior deals with a similar problem in the observation of how individuals communicate information to each other (Argyris, 1962, 1974). One approach to improving the effectiveness of communication is to separate out the different types of data, perceptions, interpretations, and feelings and to label them clearly. Similarly, in the naturalistic observation method, the purpose of the instrumentation is to structure the recording (and thus communication) of data so as to separate out and label the different kinds of information communicated by the observer.

The General Observation Form

The core of the observational method is the general observation form (see Figure 1), which includes five categories for recording observations as well as space for various identifying and coding information. The first category is *overview of the event*, a relatively brief summary of the major activities, behaviors, occurrences, etc., that happened during the observation period. Although usually fairly short, it includes enough information so that someone analyzing a series of observations could decide whether to read further or to go on to another recorded observation. Thus, this overview is functionally similar to a table of contents.

The second category is *detailed observations*. This section is the central component of the observation instrument and is intended to provide the first level of information (perceptions). It is a detailed record of what occurred during the observation period and usually is in chronological order. Here it is important to limit the information to that

which is factual, i.e., tangible, discrete events that could be verified by other observers or by visual record. It is important to avoid interpretation or causal attribution in this section. The ultimate test of the adequacy of the data in this section might be to ask the observer if he or she would be willing to show the section to the individuals being observed for purposes of verification. If the detailed observations are free of interpretation or observer affect, the information could—in theory—be shown to those involved and verified without concern about misinterpretation.

The third section of the observation form is for *interpretations*. Here the observer is called on to make statements that attempt to make sense of the specific activities and behaviors that have been observed. These are, in fact, propositions or hypotheses that cannot be verified immediately but that can guide future data collection by observation as well as data collection by other methods. Interpretations might include attempts to identify patterns of behavior, attributions concerning the causes of behavior or the factors that motivate the behavior, speculation about the nature and meaning of events, and so on. Ideally, interpretations should be propositions, that is, they should be tentative, and, thus, testable. They might therefore be recorded as questions or hypotheses.

The fourth section, *observer feelings*, concerns the personal reactions of the observer to the events that have been observed. They are the observer's specific affective reactions to what is going on. These reactions tend to influence how choices are made about what behavior to observe and how interpretations are developed. Two purposes are achieved by making these feelings explicit. First, the observer may become more aware of the feelings he or she has and thus more able to correct for their potential bias. Second, others who are using the observational record can consider the observer's feelings in qualifying the data.

The final category is *attachments*. Frequently the observer has access to supporting documents or other information relevant to the behavior or activity being observed. The range of possible attachments is large, and could include meeting agendas, critical memos, correspondence, membership lists, other observational instruments used during the event, handouts from meetings, maps, floor plans, or sketches. These should be physically attached to the observation to which they are relevant.

The observer might write a tentative outline or overview before the activity and then make detailed notes during the period of observation. Separate sheets would be used to record interpretations and observer feelings during the observation itself, with these sheets becoming the last pages of the observation report. Observers often have found it useful to type up the observations as soon as possible after the actual observation period, and the information is then put into the order specified on the form. For an observation of one or two hours, the written observation form could be from five to ten typewritten pages.

Site _____

Setting _____

Observer _____

Event _____

Date & Time _____

Variables _____

(Title of Observation)

Overview of the Event:

Detailed Observations:

Interpretations:

Observer Feelings:

Attachments:

Figure 1. General Observation Form

An alternative to this method involves a somewhat different version of the same observation form (see Figure 2). The same information is provided, but the form is set up so that detailed observation, interpretations, and feelings can be recorded concurrently as they happen, rather than sequentially. This form does not have a section for an overview but does provide for variable coding next to the different observations. All the subsequent material on coding and use of instruments can be applied to either form.

Site _____ Setting _____

Observer _____ Event _____

Date & Time _____ Page _____ of This Observation

(Title of Observation)

Time	Detailed Observations	Interpretations	Feelings	Variable Code

Figure 2. Alternative General Observation Form

Coding and Identification of Observations

A major problem in the use of observational data is analysis. If data are to be used for analytic purposes, they need to be identified (labeled and coded) on the general information form so that they can be retrieved and so that specific observations can be related to variables in a conceptual or analytic framework. This approach is best used when some conceptual framework is employed to guide the observations; however, it can be used with an inductive approach in which categories and variables for observation are developed from the data during the course of the study.

A variety of identification and coding data are possible. First, each observation is given a descriptive *title*. This title, while brief, should include enough information so that the observation is easily identified. For example, an observation might be entitled, “Fourth Meeting of the Executive Committee, NPH Project,” with the date indicated

elsewhere. As will be seen later, the title is an important element of the data-retrieval process.

The observation form also includes space for other identifying data that are relatively simple and straightforward. *Site* refers to the project or organization in which the observation is conducted. *Observer* refers to the name of the person doing the observation and recording the data, while *Date & Time* refers to the specific day and time period when the behaviors and/or activities were observed.

The final three types of information are the basic elements of the observation storage and retrieval system. In this system, there are three classes of codes. The basic structure of these codes can be established before the observation is begun, although codes may be changed as the study progresses.

The first level of coding is based on the concept that all observations occur within one of several unique settings within a research site. A setting often is *geographical*—analogous to a physical location. For example, behavior observed in a manufacturing plant could be set within different departments such as plating, finishing, and packing. On the other hand, another setting in the same plant might be within the top management team, and that group might meet and interact in several geographical locations. This is a *functional* setting. In some cases, settings may overlap, and consistent practices must be established concerning the coding of a specific observation. (The appendix to this article contains a sample set of codes.)

Within each setting, it is possible to observe a number of different *events*. Events are major classes of behavior or activity that occur in the setting. For example, an observation of the management team of the plant might be made up of events that occur frequently, such as weekly staff meetings or monthly performance reviews. In most cases, there will be observations of events that do not fit into any pattern, and these typically are labeled “ongoing behavior.”

The detailed observations and interpretations noted on the general observation form also can be coded in another way. This third level of coding involves labeling the observations in terms of the variables to which the behaviors or activities observed are relevant. For example, the monthly staff meetings of the top-management group might be coded for “leadership style” or for “conflict resolution” or for “decision making.” Variables for coding can be obtained from different sources. In some cases a specific list of variables derived from a conceptual or theoretical framework might be used (a sample list of variables is contained in the appendix). In other cases, classes of variables might be developed as the observation proceeds. For example, specific themes that emerge repeatedly in observations might be identified and then used to code existing, subsequent, and prior observations.

When combined with the basic identification data (title, site, observer, and date & time), this three-level scheme (setting, event, and other variables) enables full identification and retrieval of observations. Each observation thus becomes a unique piece of data within the larger data set.

Storage and Retrieval of Observational Data

The three-level coding scheme forms the basis of a storage/retrieval/analysis system. Specific observation forms and attachments are stored in notebooks that are created for each setting; within the setting, observations are inserted chronologically. Thus, by knowing the setting and approximate date of an observation, one can locate it relatively easily.

Numerous observations are accumulated over time. In a typical observation project of a year or so, several hundred observation forms might be filed, and it would become increasingly difficult to find a specific observation containing a piece of needed data. An aid to retrieval and analysis therefore is needed. One approach is to use an observation log sheet. Each time an observation is placed in a setting notebook, it is also logged on this sheet. For each observation, the key identification data are provided, including the date of the observation, its entry number (a consecutive number to identify each log entry), the title of the observation, the name of the observer, and the codes for setting, event, and variables. The log form usually is stored in a master notebook, along with the various codes and variable lists; it is the basic tool for retrieval or analysis of the observations.

To use the manufacturing plant example again, if one wanted to obtain a chronological record of all of the staff meetings of the management team, one could simply scan the event column on the log and note all observations of that event (staff meetings) within the top-management-team setting. Similarly, if one wanted to identify elements of conflict, the variable codes would indicate observations in which “conflict” was noted. The date and setting columns also make it easy to locate the observation in a notebook.

Supplemental Instruments

The observation forms, categories of observation, coding scheme, and log sheet are the core of the structured naturalistic observation method. It is these elements that structure the observation and recording of data so that the data are comparable, retrievable, and in a form that facilitates analysis. In practice, however, other instruments also are used frequently. It can be valuable to make use of other observational technologies in combination with this basic approach; in fact, the instrumentation is designed to be flexible enough to permit integration with other types of observation and naturalistic data collection. The specific choice of supplemental instruments will depend on the expertise of the researcher, the goals of the research, and the variables to be investigated. A few instruments that have been used in combination with naturalistic observation have been included in the appendix in order to provide a sense of the range of techniques that can be used.

OBSERVATION IN PRACTICE: DESIGN ISSUES

Guidance in the practice of structured naturalistic observation tends to fall at the ends of a continuum: at one end the researcher is counseled to “observe key events” or to “be perceptive”; at the other end, the researcher is given instruction in the mechanics of note taking, the specifics of filing systems, and so forth. “Mid-range” guidance is difficult to provide, since the precise context of observation is unknown and appropriate methodology must, of necessity, be tailored to the research setting. Experience has yielded a few generalizations that seem to be applicable to many organizational settings, however, and these are discussed below.

Characteristics of Observers

Some individuals obviously are more facile than others in negotiating organizational environments. Although many observational skills can be taught, individuals with demonstrated ability to establish rapport with others—particularly with those who are not familiar with the style and argot of the social scientist—seem to perform exceptionally well as observers. For example, an individual who demonstrates the ability to deal with the various members of a research program—colleagues, support personnel, computer personnel, and so forth—will likely be successful in other interpersonal functions; and a person who experiences frequent personality conflicts in an academic setting is not likely to deal with others successfully in the outside world.

This is not to say that observers need to be “like” the members of the organizations they study. Neither must they conform rigidly to the norms of the research site. In fact, tolerable differences may elicit data that would not appear otherwise, i.e., variations in the phenomena observed. One study, for example, was conducted by two observers: a Philippine female and a white American male. The two observers found systematic variation in observed events: the Philippine woman found that her identity produced a “novelty effect,” which made her nonthreatening and promoted respondent candor. At the same time, however, she observed no instance of racial prejudice, although that behavior was readily visible to the white male observer.

Training Observers

If an individual has the basic skills needed to negotiate entry into an organizational setting, two additional hints may further smooth the entry process and improve the validity of the observation. These are as follows:

1. *Attire.* Observers should not attempt to “blend” into the organizational environment by adopting extremes in dress, e.g., overalls or three-piece suits. Unless the role is one of “observer as participant” (Junker, 1960), it will be obvious that the researcher is not a true member of the organization. It is important, however, that the observer maintain *credibility* as a member of a respectable scientific enterprise. This implies that the observers would, ideally, wear such clothing as members of the organization would *expect* an observer to wear. Of course, the clothing should also be

appropriate to the observer's age and social status. These guidelines would vary for an investment banker and a drill-press operator or for a graduate student and a senior professor. The objective, of course, is to create as little disturbance as possible and to minimize the reaction to the observation.

2. *Reliability.* It is entirely possible that an individual may be skilled at establishing rapport and be able to enter the organization unobtrusively. The observer's ability to reliably observe behavioral phenomena is another matter, however. Observer reliability can be tested prior to entry by conducting simultaneous observation of exemplary events. For example, it may be instructive to have potential observers use the general observation form (Figure 1) to record the "stream of behavior" (Barker, 1968) that occurs in a research-planning meeting. Divergence in recording can be used as discussion material, both to improve the reliability of observation and to identify potential sources of invalidity, e.g., do the data recorded in the "events" column represent valid evidence for the inferences made in the "hypothesis" space?

Observer rating scales (Guilford, 1954) or attitudinal surveys (e.g., the Michigan Organizational Assessment Package) also can be used to improve observer reliability. Instruments such as Likert's Profile of Organizational Characteristics (Likert, 1967) can be completed by two or more observers after a period of study, and points of disagreement can be used to identify systematic biases in perception. Agreement on global rating scales does not, of course, imply or assure agreement on the component events in an observation. Disagreement, however, does suggest the possibility of divergent frames of reference or possible misinterpretation of research constructs.

Sampling

In an organizational setting, conclusions reached by an observer may be affected by systematic variance in perception or by sampling, i.e., the data collected may vary as a result of the passage of time, the particular individuals or events observed, the physical locations studied, and so forth. The problem for the observer is to determine when to observe, whom to observe, and in which locations to observe in order to obtain the most valuable information. One solution is to sample exhaustively and observe everything, but the defects of this strategy are obvious; limitations on observer time, scheduling constraints, and problems of accessibility generally render this approach unfeasible. The solution must ultimately depend on specific organizational properties and research objectives. However, experience suggests that certain priorities are common to many organizational-research situations. In general, it is important that any sampling design be free of systematic biases that could distort the research findings. As obvious as this may sound, it is easier than one might expect to incorporate an "elite bias" (Sieber, 1973)—because some individuals are engaging or articulate—or a "setting bias," in which certain locations are oversampled because of accessibility, convenience, and/or comfort. When this occurs, the temptation to generalize to other instances is almost unavoidable, since more appropriate data are nonexistent.

Exemplary Observation Strategies

Assuming some form of representative observation, it is possible to identify various “levels of effort” that characterize the researcher’s involvement in the setting under study (see Nieva, Fichman, & Perkins, 1975). Three such levels will be described here, although the intensity of any observation clearly can be seen as a continuum, with an unlimited number of hypothetical positions.

Level 1: Site Orientation

The most basic level of involvement requires that the researcher establish sufficient contact to become familiar with key staff, obtain a rudimentary understanding of the organization’s technology, and be able to compile a chronology of the major events that occurred during the course of the research. At this level of effort, recording will be so sporadic as to preclude meaningful analysis of the activities actually observed, so no attempt should be made to maintain detailed notes on observations. In most cases this sort of impressionistic observation will be useful only in conjunction with some other form of data collection such as attitudinal surveys. This level of involvement does, however, permit the collection of archival data such as memoranda, minutes of staff meetings, and other records that will be helpful in establishing an accurate chronology of events. The primary objective at this basic level of research is to develop a “sense” of the organizational environment and to preclude the errors that might occur were other analyses to be conducted with no first-hand knowledge of the setting.

Level II: Basic Observation

The minimum level of effort that could be labeled “structured naturalistic observation” would include the previous research activities as well as the following:

- Observation of key organizational events of direct relevance to the research, e.g., meetings to discuss the progress of organizational change programs, the administration of research instruments, etc.
- Observation of other regularly occurring meetings that could identify issues for further exploration, provide a baseline for understanding the development of the setting, or generally help the observer to develop a picture of the organization.
- Observation of interventions (e.g., activities of change agents) that are designed to alter the structure and processes of the setting.
- Unstructured or semistructured interviews with key informants. Although there are dangers in cultivating relationships with a limited sample of individuals, some organizational members undoubtedly will be able to provide more relevant data than others. Moreover, it is likely that the same individuals will be more comfortable and articulate in sharing their perceptions. Hypotheses developed through these sources must, however, be corroborated through more

representative sampling, because these special informants, by definition, will have biased perspectives of the organization.

If this second level of observation is chosen, the time sampling becomes important. There are no hard and fast rules about how frequently the observer should visit the setting, but a key consideration is the reaction that can be expected. The observer should, as much as possible, avoid disturbing the organizational ambience. After the initial entry phase, the observer should enter the setting frequently enough that a handshake or other formal greeting is considered unnecessary. In other words, the arrival of the observer should not be an “event” that calls attention to his or her presence, thereby altering the behavior of members of the organization.

Level III: Intensive Participant Observation

In the most intensive level of involvement, the observer may assume an anthropological role, living and working within the setting. This modality has the advantage of minimizing reactions and it enables the observer to perform analyses that otherwise would be impossible. This level of activity might also include the following:

- Structured interviews, which can be used to corroborate findings developed through other sources and which permit multi-trait/multi-method checks on the research methodology.
- Structured job observation such as that proposed by Jenkins et al. (1975). This would be particularly appropriate in studies designed to assess the impact of job-enlargement interventions.
- Structured group observation (e.g., Bales, 1971; Gibbard & Hartman, 1973), the results of which will be amenable to time-series analysis, thereby strengthening the design of studies involving single cases.
- Combined questionnaire and interview formats in which respondents first complete survey instruments and then participate in open-ended discussions that provide opportunities to clarify and elaborate on their questionnaire responses. The information generated can be used in later analyses of quantitative data; for example, critical misunderstandings about questionnaire items could be uncovered by this process.

This level of effort enables the observer to seek out and develop rapport with individuals who would be reluctant to speak out candidly with researchers engaged in straight data-collection efforts. Such individuals may be suspicious of the purpose of the research or simply intimidated by the presence of an outsider. Yet, a balanced, valid picture of the setting would include the views of these individuals.

The observer who becomes part of the setting must be aware of the danger of co-optation. Personal relationships may eclipse professional identity. The problem is similar to that faced by anthropologists in their studies of other cultures: How much

intimacy is necessary to obtain valid information and at what point does one lose the capacity to be a critical observer?

Once again, there is no simple solution to the dilemma, but certain precautions can be taken. Observations and conclusions can, for example, be corroborated with those of other researchers who enter the organization; this mechanism is particularly effective if observers have different characteristics, such as race or sex, that could cause them to draw different conclusions or to elicit dissimilar reactions from members of the setting. Further, the inferences drawn by observers can be subjected to the scrutiny of an “external critic” (Sarason, 1972), for example, a researcher who is familiar with the study but not directly associated with the data-gathering effort. Observers also should be aware that the likelihood of identification with the organization to be studied will increase with the level of involvement that is selected.

CONCLUSION

The methods and instruments suggested in this paper are illustrative of a structured naturalistic approach to the observation of organizational behavior. Obviously, the researcher would want to choose an integrated “set” of techniques that can provide a valid picture of the organization under study. Although this discussion has suggested examples, the final design should be based on a contingency approach to the evaluative task (Perkins, 1977). That is, one should attempt to establish a “fit” between the objectives of the research and the specific instruments and methods employed. Such a design must include considerations of observer selection and training, sampling, instrumentation, and the appropriate level of observer involvement in the setting and behavior under investigation.

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SAMPLE SETTING AND EVENT CODES¹

Setting: Surgical Unit #1

Event categories:

- | | |
|-----------------------------|---|
| 1. Staff conferences | All formal staff meetings of the unit, with or without consultants |
| 2. Doctors' orientation | Monthly orientation meetings as well as all other formal project activities directly involving and based around unit house staff, doctors, and questionnaire administration |
| 3. Random observations | Limited to observations listed on random observation schedule |
| 4. Unscheduled observations | Unscheduled observations, brief visits to the unit |
| 5. Research activities | Descriptions of questionnaire administration, formal interviews with unit staff, personnel rosters |
| 6. Other | Residual category |

Setting: Surgical Unit #2

Event categories:

- | | |
|-----------------------------|----------|
| 1. Random observations | As above |
| 2. Unscheduled observations | As above |
| 3. Research activities | As above |
| 4. Other | As above |

Setting: Nursing-Service Administration

Event categories:

- | | |
|--|---|
| 1. Surgery Administrator—
Surgery #1 supervisors— | All meetings involving the assistant director of nursing for surgery and the SCN's and CS's of Surgical Unit #1 |
| 2. Surgery Administrator—
Leadership group | All meetings involving the surgery administrator and supervisory staff under her direction, within and outside surgery pavilion |
| 3. Surgery Administrator-
Consultants | All consultant work with the surgery administrator in which other hospital staff are not participants |
| 4. Director of nursing | All consultant activities involving the director of nursing and special projects within the nursing department initiated by consultants and the director of nursing |
| 5. Other | Residual category |

Setting: Project Steering Committee

Event categories:

- | | |
|--------------------------------|---|
| 1. Steering committee meetings | Regular meetings, meetings of subcommittee, and meetings of work groups |
| 2. Interviews | Interviews with steering-committee members and "one-on-one" meetings |
| 3. Other | Residual category |

¹ Adapted from an observational study of a change project in a hospital. Identifying information has been changed.

SAMPLE VARIABLES FOR CODING OF OBSERVATIONS²

Task	Individuals	Organizational Arrangements	Informal Organization
<p><i>Organizational tasks</i></p> <p>complexity predictability required interdependence</p>	<p><i>Response capabilities</i></p> <p>intelligence skills and abilities experience training</p>	<p><i>Subunits</i></p> <p>grouping of tasks and roles unit composition unit design formal leadership in the unit physical arrangements</p>	<p><i>Small-group functioning</i></p> <p>norms informal goals communication patterns cohesiveness informal group structure</p>
<p><i>Subunit and individual tasks</i></p> <p>complexity predictability required interdependence autonomy feedback task variety task identity task meaningfulness task skill demands</p>	<p><i>Psychological differences</i></p> <p>need strength attitudes perceptual biases expectations differences in background</p>	<p><i>Coordination and control</i></p> <p>goals plans hierarchy reward systems personnel systems control systems integrator roles and groups</p>	<p><i>Intergroup relations</i></p> <p>conflict-cooperation information flow perceptions</p> <p><i>Organizational Level</i></p> <p>networks, cliques, and coalitions conflicting-interest groups distribution of power ideology and values</p>

² Adapted from D.A. Nadler & M.L. Tushman, A diagnostic model for organizational behavior. In J.R. Hackman, E.E. Lawler, & L.W. Porter (Eds.), *Perspectives on behavior in organizations*. New York: McGraw-Hill, 1977. Reprinted with permission of McGraw-Hill.

SUPPLEMENTAL ORIENTATION INTERVIEW

Instructions: This interview guide is designed to be used for preliminary data collection in an organization and as a prelude to observation. Included are a list of open-ended questions that can be used to conduct an interview that could last from twenty minutes to two hours. Such an interview usually will be used after the researchers have entered the organization and made introductory presentations to the employees. The questions are to be used as a general guide, rather than as a script that must be adhered to. In most sections of the interview, a beginning question is followed by one or more questions designed to follow up on the main question and to probe for additional information. These follow-up questions are optional.

Introduction to Interview

Hello, my name is _____. I was here not long ago to describe a project that I am working on in this organization. (*Review basic goals of specific research program and answer any questions that the interviewee may have about the project before proceeding further.*)

As I mentioned the last time I was here, one of the first things that I have to do is to learn about this organization and what it is like to work here. One way of doing this is to interview some of the people who work here. I have asked to speak to people working at different levels and in different work units. Specific individuals were picked at random, essentially like picking a name out of a hat. Your name was picked as one of the people to be interviewed from this unit.

What I would like to do is to spend about an hour today talking with you about your job, this organization, and how things are around here. I have a set of questions that I will be asking you. Everyone who is interviewed will be asked basically the same questions. Some of these questions will seem a little vague, but please answer the questions based on what you think they mean. If you don't know the answer or don't feel like talking about a topic, let me know and we will move on to the next set of questions.

During this interview, I would like you to be as open and frank as you can. The contents of this interview are *strictly confidential*. No one except you and me will ever know specifically what was said here. I will, of course, be using the information you give me as part of the research data about this organization, but all the information will be summarized and no sources will be given. No person's individual comments will be seen, and no information will be presented in a way that might allow someone to figure out who said it. Before we start, do you have any questions? (*Pause for questions.*)

As we proceed, I would like to make some notes so that I can remember what you have said. Do you mind my taking notes? (*Pause for answer.*)

Interviewee _____

Date of Interview _____

Location of Interview _____

Interviewer _____

Questions

I. The Person and His/Her Job

- A. What is your job title here in this organization?
- B. If you had to describe your job to someone who is not familiar with this kind of work, how would you describe what you do?

- C. When did you first start to work in this job?
- D. How long have you worked for this organization?
- E. What other jobs have you had in this organization?

II. The Work

- A. *Main question:* How does the work get done in this unit (department, organization, etc.)?
- B. *Follow-up probe questions:*
 - 1. How does your job fit into the way the work is done?
 - 2. With whom do you have to talk in order to get your work done?
 - 3. What kinds of communication (such as reports, memos, instructions, etc.) do you receive or send out as part of your job?
 - 4. What are the major problems in getting the work done here?

III. Groups

- A. *Main question:* What are some of the groups that exist here (both formal and informal)?
- B. *Follow-up probe questions:*
 - 1. What kinds of people belong to these groups?
 - 2. How do these groups contribute to getting the work done?
 - 3. How do these groups get along with each other?
 - 4. Do you feel as if you are a part of any group?
 - 5. How are decisions made in your group?
 - 6. If you worked particularly well, how would the members of your group feel about you?

IV. Supervision

- A. *Main question:* Who is your supervisor (the person who directs your work, gives you assignments, evaluates you, etc.)?
- B. *Follow-up probe questions:*
 - 1. How frequently do you communicate with your supervisor?
 - 2. What kinds of things does your supervisor do to help you with your job?
 - 3. In general, how much “say” do you have in the decisions that your supervisor makes?
 - 4. In general, how well do you get along with your supervisor?

V. Structure

- A. *Main question:* How is this work unit organized and how does it fit into the total organization?
- B. *Follow-up probe questions:*
 - 1. Describe or draw an organizational chart of this particular work unit.
 - 2. What kinds of planning, budget, or information systems exist here?
 - 3. What other work units does your unit have to relate to or deal with?

4. What kinds of problems arise between different work units? How are they usually dealt with?
5. What is the structure of the total organization (or appropriate larger organizational unit)?
6. Who really controls what goes on in this organization?
7. What are the key informal groups that make things happen in this organization?

VI. Rewards

- A. *Main question:* If you do your job well, will you be rewarded for it (by pay, promotion, praise, etc.)?
- B. *Follow-up probe questions:*
 1. How is pay determined in this organization?
 2. How are promotions made in this organization?

VII. Satisfaction

- A. *Main question:* In general, how satisfied are you with working here?
- B. *Follow-up probe questions:*
 1. About what things are you most dissatisfied?
 2. About what things do you feel most satisfied at work?

VIII. Problems and Changes

- A. *Main question:* If you could make any change you wanted to in this organization (within reason), what would you change and why?
- B. *Follow-up probe questions:*
 1. What do you think are the major problems in this organization?
 2. What do you think are the major strengths of this organization?
 3. What do you think is blocking changes that are needed here?

IX. Union Activity (Optional; should be asked earlier in the interview if used.)

- A. *Main question:* What is the situation here between management and the union(s)?
- B. *Follow-up probe questions:*
 1. Are you a union member? If so, what union?
 2. What do you think of labor-management relations here?
 3. How does the union affect the way you do your job?

Summary

I have asked you a number of questions about yourself and the organization. Are there other things that I should know if I want to understand what goes on around here? (*Pause for answer.*)

We have spent some time answering my questions. Do you have any questions that you would like to ask me? (*Pause for answer.*)

Thank you very much for your help. The information you have provided will be very valuable as we begin trying to understand this organization. I appreciate your cooperation.

GROUP-BEHAVIOR OBSERVATION SHEET

Observer _____

Setting _____

Date _____

Event _____

Time _____

Variables _____

Name of group/meeting _____

Purpose of meeting _____

Instructions: This form is designed to help the observer to structure his or her observation of what happens in a group meeting. The form should be filled out as soon after the meeting as possible.

For each area of observation, read the question and check the number of the response that is most appropriate. As you answer the questions, be sure to think only of the group that you have just observed and, in particular, be careful to think in terms of *this* current meeting of the group. Many of the questions ask about things that “group members” do. Answer these questions in terms of how the group members behaved *in general*.

A. Group Identity

1. Do members have a sense of group identity?

No; members have little
or no sense of themselves
as a group. (1) (2) (3) (4) (5) (6) (7)

Yes; members are very
aware of themselves as
being a group.

2. Is the membership of the group clear?

No; it is unclear who is a
member of the group and
who is not. (1) (2) (3) (4) (5) (6) (7)

Yes; it is very clear
who the group
members are.

3. Do most members seem to feel that they really are part of the group?

No; most members do not
feel that they are part of
the group. (1) (2) (3) (4) (5) (6) (7)

Yes; most members do
feel that they are part
of the group.

4. Do group members appear to be involved in the activities of the group?

No; most members do not
seem to care what happens
within the group. (1) (2) (3) (4) (5) (6) (7)

Yes; most members are
very concerned about
the group's activities.

B. Group Goals

5. How clear are the goals of the group?

None of the members
have a clear idea of the
group's goals. (1) (2) (3) (4) (5) (6) (7)

All the members
clearly understand the
group's goals.

6. Does the group know exactly what needs to be done?
 No; the group is not sure what it is supposed to do. (1) (2) (3) (4) (5) (6) (7) Yes; the group knows exactly what it is supposed to do.
7. Is there general agreement on the goals of the group?
 No; some people have very different goals for the group. (1) (2) (3) (4) (5) (6) (7) Yes; everyone agrees about the goals of the group.

C. Group Roles

8. Is it clear what roles different members have?
 No; there is much confusion about who is supposed to do what. (1) (2) (3) (4) (5) (6) (7) Yes; everyone knows exactly what he or she and others are supposed to do.

D. Patterns of Member Participation and Communication

9. How even is participation by members?
 Uneven; a small number of people do all the talking. (1) (2) (3) (4) (5) (6) (7) Even; members participate equally.
10. To whom do most people direct their comments?
 Most members direct their comments to one person or a few people. (1) (2) (3) (4) (5) (6) (7) All members seem to be talking to each other.
11. Are the opinions of all members listened to?
 No; some members' inputs are ignored. (1) (2) (3) (4) (5) (6) (7) Yes; all members seem to be listened to by others.

E. Openness of Communication

12. How open are group members in expressing their feelings in the group?
 Group members are very closed, guarded, and do not express feelings. (1) (2) (3) (4) (5) (6) (7) Group members are very open and express their feelings freely.
13. How supportive are group members toward each other?
 Members are not supportive. (1) (2) (3) (4) (5) (6) (7) Members are very supportive.
14. Are group members willing to confront each other or to respond negatively to the comments of others?
 No; group members do not confront each other. (1) (2) (3) (4) (5) (6) (7) Yes; group members are very confrontive

15. How well do members receive negative comments?

Poorly; people seem to be threatened by negative comments and react defensively. (1) (2) (3) (4) (5) (6) (7)

Very well; people seem to listen to, value, and make use of negative comments.

F. Problem Solving

16. Does the group define problems before starting to work on them?

No; the group jumps into problem solving without clearly defining what the problem is. (1) (2) (3) (4) (5) (6) (7)

Yes; the group clearly defines the nature and scope of the problem before starting work.

17. Are multiple solutions generated for problems?

No; the group tends to use the first solution that comes along and stops looking for other solutions. (1) (2) (3) (4) (5) (6) (7)

Yes; the group attempts to explore a whole range of solutions before deciding on a course of action.

G. Conflict Within the Group

18. How much conflict is there within the group?

Little conflict is apparent. (1) (2) (3) (4) (5) (6) (7)

Much conflict is apparent among members.

19. How openly are conflicts expressed?

Not at all; the conflicts are often hidden and the real issues are not dealt with. (1) (2) (3) (4) (5) (6) (7)

Very openly; the real issues emerge and the nature of the conflict is aboveboard.

20. In general, how is conflict dealt with?

- (1) forcing (person with power wins)
- (2) smoothing (denial of the conflict)
- (3) withdrawal (by one side or member)
- (4) confrontation (those in conflict directly work it out)
- (5) arbitration (a third party decides)
- (6) other

H. Leadership Within the Group

21. Are leadership roles and assignments clear?

No; it is not clear who is supposed to do what, who is in charge, etc. (1) (2) (3) (4) (5) (6) (7)

Yes; it is clear who has responsibility and leadership.

22. How much is leadership shared?
 Little; one person performs all leadership functions. (1) (2) (3) (4) (5) (6) (7)
 Much; each person performs different leadership functions as appropriate.
23. How would you characterize the style of the formal group leaders?
 Very directive (1) (2) (3) (4) (5) (6) (7) Very participative
24. How effectively were the task-leadership functions performed?
 Not at all (1) (2) (3) (4) (5) (6) (7) Effectively
25. How effectively were the maintenance-leadership functions performed?
 Not at all (1) (2) (3) (4) (5) (6) (7) Effectively

I. Decision Making Within the Group

26. Are needed decisions generally made?
 No; frequently important questions are not answered or issues are not resolved. (1) (2) (3) (4) (5) (6) (7)
 Yes; the group always makes a decision when it has to.
27. How much do group members participate in decision making?
 Very little; a few people make the decisions and others are not involved. (1) (2) (3) (4) (5) (6) (7)
 A great deal; the whole group is involved in making most decisions.
28. How are decisions usually made?
 (1) consensus
 (2) one person makes them for the larger group
 (3) a small group makes them for the larger group
 (4) open voting
 (5) secret ballot
 (6) other

J. Overall Group Effectiveness

29. How would you rate the group along the following dimensions:
- | | <i>Ineffective</i> | <i>Effective</i> |
|--|-----------------------------|------------------|
| a. problem solving | (1) (2) (3) (4) (5) (6) (7) | |
| b. decision making | (1) (2) (3) (4) (5) (6) (7) | |
| c. getting the work done | (1) (2) (3) (4) (5) (6) (7) | |
| d. making use of members' skills, abilities, resources | (1) (2) (3) (4) (5) (6) (7) | |
| e. meeting individual needs | (1) (2) (3) (4) (5) (6) (7) | |

K. Ratings of Group “Climate”

30. Indicate the general tone or climate of the group meeting.

Happy	(1) (2) (3) (4) (5) (6) (7)	Sad
Anxious	(1) (2) (3) (4) (5) (6) (7)	Calm
Clear	(1) (2) (3) (4) (5) (6) (7)	Confused
Proud	(1) (2) (3) (4) (5) (6) (7)	Ashamed
Angry	(1) (2) (3) (4) (5) (6) (7)	Friendly
Frustrated	(1) (2) (3) (4) (5) (6) (7)	Satisfied
Energetic	(1) (2) (3) (4) (5) (6) (7)	Lazy
Strong	(1) (2) (3) (4) (5) (6) (7)	Weak
Restless	(1) (2) (3) (4) (5) (6) (7)	Content
Involved	(1) (2) (3) (4) (5) (6) (7)	Apathetic

L. Specific Information About the Group Meeting

31. Who assumed leadership in the group and in what ways?

32. What major conflicts emerged in the group?

33. What subgroups seemed to be forming and working, and around what issues?

34. Where is this group in its overall development (growth)?

35. Other comments relevant to the group:

■ TRADITIONAL APPROACHES TO CONSULTING VERSUS A COLLABORATIVE APPROACH

John J. Sherwood

Both clients and consultant are familiar with and comfortable with two traditional approaches to consultation. Either (1) the client presents the consultant with a problem for solution and the consultant provides a recommended solution or a set of alternatives or (2) the client asks the consultant both to define the problem and to offer recommended solutions. The latter is the physician's approach. The client describes a set of symptoms and the consultant first makes a diagnosis and then prescribes a remedy. The consultant also offers a prescription in the first approach, describing what the client should do to solve the problem the client set forth; for example, the consultant may design a new management-information system or an inventory control procedure in response to a specific request from the client. In both traditional approaches to consultation the client is fairly passive and dependent until the point at which the consultant's recommendations require implementation. Unfortunately—but predictably—the consultant's solutions or recommendations are not always fully implemented.

The consultant's recommendations are less likely to be implemented fully and effectively if they call for changes in customary behavior or roles that have proven useful to people in the past or if they will result in a redistribution of influence whereby some people will have more control than they had earlier. The critical question is, therefore, how to ensure meaningful implementation where recommendations or solutions require changes in valued or customary practices.

COLLABORATIVE CONSULTATION

Using a collaborative approach, the consultant considers the organization to be the client; rather than just working with the boss, the consultant seeks to make all members of the organization active in all phases of the consultation: (a) identification of problems, (b) conception of solutions or actions, (c) implementation, and (d) follow-up. To say that the organization is the client means that the consultant works with the person in authority to define a meaningful organizational unit (including the person in authority) with which to work. The unit could be a department, division, plant, company, agency, or the boss and his or her key staff.

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A collaborative approach addresses two central issues found in any consultation (Argyris, 1970): (1) how to generate valid information and (2) how to ensure effective implementation. If the success of the consultation is to be evaluated in terms of increased organizational effectiveness, the only results that count are those based on valid information that are *actually implemented*.

HOW COLLABORATIVE CONSULTATION DIFFERS FROM TRADITIONAL CONSULTATION

Collaborative consultation differs in three important ways from more traditional approaches. First, the consultant using a traditional approach often assumes either that the client has already effectively identified the problem or that it is the consultant's responsibility to decide the nature of the client's problem. Using a more collaborative approach, the consultant works with the client to arrive at a joint understanding of the problems facing that organization.

Second, consultants who use traditional approaches frequently assume that sufficient information is already available to decide the direction the consultation should take. Using a more collaborative approach, the first step the consultant takes is to decide with the client what information needs to be collected and from whom. In this way, both the consultant and the boss learn who has the information and resources necessary to identify problems facing the organization; who will be able to generate the most useful solutions; and who will be able to carry out any action steps most effectively.

Third, consultants using traditional approaches usually assume that their reports or recommendations should be given directly to the person in authority to approve, modify, and implement. Using a more collaborative approach, the consultant's findings are also reported *directly* to the people who provided information or input during the data-gathering phase. This step is critical because these same people are probably central to any plans for implementation or action (Nadler, 1977). Furthermore, the likelihood that they will provide valid information increases if they know that the consultant treats the organization as the client and that any findings will be reported directly to them.

When the consultant treats the organization as the client, the person in authority receives no special reports nor evaluations of individuals. This allows people to be free in reporting their concerns and expectations to the consultant. If individuals believe that revealing concerns, problems, and dilemmas will help them do their jobs better, they eagerly share information with a consultant. On the other hand, if people believe that a consultant will tell their supervisors how their jobs should be changed, they are more likely to be cautious about what information they reveal, just as subordinates are often careful about what they reveal to their supervisor (Nadler, 1977).

CONSULTANT RESPONSIBILITY

Traditionally, both clients and consultants have assumed that the solution to the client's difficulties lies within the consultant. Even in a recent article (*INC.*, 1980, pp. 82-90) advising potential clients how to use consultants, two practicing management consultants and a company president accept this traditional view that it is "the consultant's plan of action which must fit your company . . . remember, it's the consultant's solution. He's supposed to know what it takes to get the job done—especially in terms of judging your staff's ability to implement his program." Although the consultant *may* have an acceptable answer to an organization's problems, if the solution is to endure over time then the people who must make it work must be involved in finding an answer (Maier, 1978).

Effective managers usually realize or can be made to see how dependent they are on others, both for information and for action. They also know that decisions are ultimately implemented by their subordinates, so they understand how little they can do to solve the problems of their subordinates. Consultants need the same kind of humility. A consultant will never know more about an organization than the collective wisdom of the people who work there.¹ Consultants must help members of the client organization understand that the real expertise resides within them and that the consultant's responsibility is to help the client generate, and then implement, effective solutions to problems. Even if a particular problem calls for the consultant's technical expertise, he or she is dependent on the client to help fit the "expert" solution to the realities of the organization, which must make the solution work on a day-to-day basis. One objective of a collaborative approach is to leave the organization more capable of identifying and managing its own problems in the future as well as more likely to realize its immediate objectives (Miles & Schmuck, 1976; Steele, 1975).

Consultants are not usually guilty of offering inaccurate, absurd, or poorly conceived recommendations, but are sometimes guilty of not managing the consulting process adequately, that is, providing insufficient direction and letting the client flounder or taking too much responsibility and stifling the client's initiative or creativity. A consultant must learn when and how to offer recommendations so that they are neither (1) accepted naively and uncritically as coming from an "expert," which often leads to subsequent difficulties in implementing the recommendations, nor (2) rejected without due consideration because they are viewed as not fitting the organization's unique requirements, which leads to a solution not being found. When the client is struggling to decide what to do, then the consultant's suggestions are more likely to be treated for what they are probably worth—one more alternative to be studied and considered (Argyris, 1970).

¹ In any meeting of key personnel, there may be as many as 100 *years* of experience with an organization present, whereas the consultant often has fewer than 100 *hours*.

MANAGEMENT RESPONSIBILITY

The consultant is often required to influence the client's expectations and behavior, that is, "to produce a good client" who then takes initiative and can challenge the consultant, in contrast to a client with passive respect for the expert, which is the point at which clients frequently begin their work with a consultant. One trap is for consultants to accept exclusive responsibility for the success of the consultation. For an organization to meet its objectives more effectively, the consultation must remain a management responsibility and not be removed from the central management process of the organization.

Because there is some degree of uncertainty surrounding any consultation (otherwise management would not have called in a consultant), management tends to cope with the anxiety stemming from this uncertainty by conceiving of the consultation as "the consultant's project." Whenever this occurs, the consultant must not accept all the responsibility but must help management take responsibility and manage its own consultation by coaching, jointly exploring alternatives, forming task forces, or establishing steering committees. The consultation will have reduced priority and input whenever a consultant permits management to evade its responsibility.

RELATIONSHIP WITH THE PERSON IN AUTHORITY

Although the organization may be the client, the person in authority usually needs and should receive special attention. The chief executive must be kept abreast of the status of the intervention and should participate whenever appropriate. It is a simple fact that the person in authority can do more to help or hinder what is being done than anyone else. For this reason, the boss needs to see the consultant's report *before* it is given to others. Receiving the consultant's findings in advance helps the boss work together with the consultant and subordinates in a less defensive manner.

An effective consultant builds a relationship with the person in authority because he or she "sponsors" any consultation. The boss legitimizes the consultant's work as well as participates in it. The consultant also must insist on involving those people who will be affected by the outcomes of the consultation. Their input is solicited and they are provided with meaningful roles in planning and implementation. The consultant often works collaboratively with task forces charged with studying particular problems, creating solutions, and making recommendations to top management.

CONCERN FOR IMPLEMENTATION AND FOLLOW-UP

To make a lasting contribution to increasing organizational effectiveness, the consultant must be concerned continuously with meaningful implementation. The consultant must see that the problems people are having in getting their jobs done are addressed adequately. Therefore, the consultant also must question continuously whether the right people are involved and whether information being collected is useful.

Follow-up is always required for meaningful implementation so arrangements must be made in advance. Periodic reviews and reassessments are necessary, with alterations if appropriate, along with renewed commitments from both the client and the consultant. The effective consultant monitors follow-up activities to assure that the consulting endeavor continues to be successful, both for the client organization *and* for the consultant.

A FINAL CAVEAT

Even when working within a collaborative framework, the consultant must continually clarify the expectations of the chief executive and other members of the client organization. The expectation of “consultant as expert” is so widespread that even though the consultant may have been completely clear during initial conversations with all parties, traditional expectations often surface anew during the consultation. Therefore, a consultant who wishes to work collaboratively with clients must understand that clarifying the client’s expectations is a continuous responsibility.

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■ DEVELOPING A TRAINING SYSTEM

Rolf P. Lynton and Udai Pareek

Above all, a concept should be robust: robust enough to survive mistranslation into various languages, to survive distortion by political pressures and interservice rivalries, to survive drowning in floods of emotion engendered by . . . crises and catastrophes. (Freeman Dyson, 1984)

The development of an organizational training system requires an examination of not only current and planned projects and training needs but also the examination of many systemic issues. A training system is linked to other organizational units that provide planning or resources and with operating units—the “consumers” of training. The relationships between the training system and other organizational units must be clarified, and mechanisms must be developed to facilitate these relationships.

The development of a training system also must include a “futuristic” overview that recognizes expansion plans, emerging positions and roles, technological changes, and other considerations. Training should be viewed as an ongoing, planned organizational intervention.

SYSTEM GOALS

Training is anchored in system goals, and these are set by the organization. It is the organization’s function to estimate its human-resource needs, including needs for expansion; prospective technical, geographical, and organizational changes; and promotions inside the organization, recruitment of trained personnel from outside the organization, and retirements and other losses of personnel.

The training goals set by the organization then guide decisions about training strategies such as what training to provide in-house and what training to obtain from outside; what training should be provided through full-time programs and what should be provided part-time and/or on the job. They also guide decisions about the resources needed for training and their allocation, and—a strategic consideration—about the boundaries of the training system. There also will be a host of internal considerations, such as task sequences and the development of trainers and other resources required to achieve system goals.

In addition to an overall perspective, training-system development also calls for an exploratory, tentative approach that is open to review and adjustment in light of what actually is found to be practical or promising.

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A system diagram can be used as a checklist and map to ensure that all essential components are accounted for and that they are plausibly related. Practical considerations will limit the elaboration of conceptual components to available capacities for collecting and analyzing data and for managing relationships. Experience must guide some of the steps in clarifying and developing the training system.

SYSTEM TASKS

Tasks—what systems language inelegantly terms “throughputs”—are located in the center of classic system diagrams, between “inputs” entering from the left and “outputs” exiting on the right. Throughputs are the result of performing a series of tasks that produces, in a more or less fixed sequence, the system’s coherent contribution to achieving the organization’s goal for it.

The eight main tasks of the training system are as follows:

1. *Building Support.* A training system, to ensure its very existence, must earn the support of the organization. Without the support of top policy and decision makers in the organization, training—even good training—may be confined to areas in which it has limited impact and resources. Maintaining continual, top-level support is the most commonly neglected part of this task. Providing information to policy makers on a regular basis is necessary to keep them aware of training goals and progress, to raise expectations and concerns, and to suggest changes.

Building organizational support at working levels is also very important, especially wherever trained personnel are trying to work more effectively and need their colleagues to share in making improvements. Working support goes far beyond fostering an atmosphere of good will at the workplace. To maintain this support, it may be necessary to conduct follow-up training, integration sessions, or the like.

2. *Building Training Competences.* Increasing competent planning and running of training programs is the most obvious outcome of this task. But the task also covers all aspects of trainer development. It involves recruiting and developing trainers to form a coherent staff and to serve as resources to the organization. The training system’s credibility in the organization depends largely on its perceived capacity to manage itself well, within its own boundaries. Internal management includes program planning, budgeting and accounting, facilities and materials management, personnel management, career development, and system change.

3. *Developing Materials.* This task supports competence building and also reflects it. The most useful training materials are developed from within the work settings in which training is needed and, for conceptual input, through keeping abreast of the professional literature. The production of a steady flow of fresh training materials is characteristic of a strong training system. Another part of this task is to ensure ready access to materials needed from outside the system.

4. *Long-Range Planning.* The training system has the task of securing needed resources not merely for current programs but also for meeting the long-term goals of the organization. The task includes developing training strategies that meet and support organizational needs. It also includes developing the training system itself, in all its aspects, as the key resource for meeting these needs.

5. *Networking.* Another task of the training system is to make the best use of the resources of the organization and to cross its boundaries to secure additional trainers, materials, and other resources that it cannot provide from within. This requires the identification, development, and management of external networks. This may run counter to strong personal and traditional inclinations to reserve resources for internal use only and to regard other uses as giving resources “away.” However, the strongest systems make the most systematic use of outside resources and value the flexibility, economy, and stimulation of drawing on and working with competent colleagues outside the organization’s own training system.

The second part of this task is networking within the system itself. Some training systems are either too centralized to be in effective contact with local situations in which training is needed or are so dispersed and isolated that individual efforts yield little result. Clustering and networking address these problems.

6. *Developing Internal Structure, Processes, and Policies.* Developing an internal working structure and policies is another task of the training system. This task too often is postponed under pressure of current activities. The result is that people try to cope on an *ad hoc* basis again and again. Procedures for dealing with recurring aspects of system operations should be formalized. Uncertainty leads to low morale. This task, like the previous ones, requires resources. At least 5 percent of the time of the training management team should be allocated for it.

7. *Action Spin-offs and Boundary Management.* Training efforts that are well meshed with organizational training needs tend to engender further supportive activities on the part of the training system and/or to surface related training needs beyond those planned and provided for originally.

Managing the boundaries of the training system is an important task. “Successful” systems risk becoming overwhelmed or overloaded by the demands that their organization wishes to place on them in the wake of their successes. Weaker systems risk closing themselves off and atrophying for lack of contacts across their boundaries. To cope with success, the training system should seek fresh clarification, together with the organization’s policy and decision makers, of the system’s primary task; should order other demands into priorities and sequences; and should attempt only as much and as many of them as do not endanger the performance of the system. A second step is to ensure that these clarifications and decisions are included in agreed-on work plans and are carefully matched up with additional resources, including the time and personnel for carrying them out.

8. *System Performance Appraisal*. The performance of any task can be assessed in terms of its outcomes and the processes by which they were attained. Regular monitoring yields data that the system can use to improve its functioning and structure. This task also addresses the often intricate interrelationships between various tasks and the performance of the system as a whole.

THE DYNAMICS OF TRAINING-SYSTEM DEVELOPMENT

There is no one way to develop a training system, because training is dependent on time and circumstances and on the needs and resources of the organization. The rigorous formulations commonly found in systems literature often ignore this point. To the overriding generalization made—that there is no one way to begin and that several attempts may have to be made before one works—can be added three others.

The first is to develop the training system in conjunction with alleviating, through training, pressures that the organization is experiencing. The second is that no matter what the need or the contribution that training can make to meet it, several system tasks will surface and demand attention. The eight tasks of training systems will need to be attended to, along with the further tasks of periodically renewing the system's structure and processes and of incorporating new organizational or work procedures and structures into training strategy and plans.

The third, possibly discouraging, generalization is that none of the eight tasks is ever completed. There is a cyclical pattern: one or two tasks move to the center of attention, are worked to a new level of performance, and then give way to the next. Each comes around again (and again), perhaps in a new sequence. Nothing is gained by hurrying on to the next task before the current one has been accomplished. We hypothesize that the upward spiral of system development can continue until it exhausts the readiness of the environment to accept and support it. The immediate and most powerful environment of training is, of course, the work organization; but broader cultural supports as well as hindrances to further development may also set early limits. Until these limits are reached, performance levels for each task of the training system can continue to spiral upward.

The judgment of when “enough” progress on a task has been made to enable system developers to go on to the next task is, fortunately, easier to make in practice than to define in abstract terms. When the levels of performance in adjoining tasks repeatedly hinder further progress with the task in focus, attention should be shifted to these others. Even after the focus has moved, the momentum may well continue to carry the earlier task forward. So, for instance, because “total” acceptance and support from the start are unlikely, “enough” is well short of that. Initially (especially if the organization's past experiences with training have not been encouraging), proposals for developing the training system may be merely tolerated, and extra resources for it, if any at all, may come from minimal reallocations. As development progresses and early training shows practical results and promise, tolerance may change to interest and active involvement.

This is likely to lead to an active search by the organization for further resources. Progress with any task contributes to and reinforces progress with all the others.

As the system continues to shift attention to different tasks, in turn, with orderly monitoring of progress and problems, the map of tasks and their interconnections becomes familiar and working with it becomes habitual. At this stage, system development has been “learned” and becomes part of the organization’s routine operations.

In the initial six months, development of a training system may move through the following four phases:

1. Getting acquainted. Obtaining sufficient approval and acceptance to proceed. Arranging for funding and resources. Working with trainers on competence development is the legitimating activity in this phase.
2. Competence development becomes the primary focus, with programs attracting attention as well as additional trainers and resources.
3. With some proven success, the training strategy for the current year can be reviewed. New choices can be made, and programs can be refined and rescheduled. Decisions about allocating staff time, funds, and facilities can be made. Long-term plans for programs and resources can be developed, along with plans to improve the system’s structure and processes and to strengthen formal system linkages to operational and service units within the organization.
4. With training inputs including practical exercises in the participants’ work situations (contributing to the growing recognition of and support for developing the training system), “action projects” can be developed, with strategies for addressing strategic problems of the organization. The organization then becomes eager to invest worker effort and other resources in working on these important problems and to involve, in preplanned stages, various organizational units in training.

A CAVEAT

Rapid success with training-system development can be dangerous. Development can overtax the planning and management capacities of the new training system if they occur too soon. A review of system boundaries and careful boundary management offer the best immediate protection. The increase of resources, improvement of the system’s structure, and development of program strategy can then receive attention. Top-level support from the organization is essential, as is a restrained, orderly response to demands for program expansion and diversification of system capacity.

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■ TASK ANALYSIS FOR HUMAN RESOURCE DEVELOPMENT

Udai Pareek

THE TRADITIONAL APPROACH VERSUS AN ALTERNATIVE APPROACH

The traditional approach to task analysis—formerly known as “job analysis”—is characterized by two models: the British model and the American model. The British model (Annet et al., 1971) has emphasized analysis in terms of specific activities for which the job holder is held responsible (Boydell, 1970), whereas the American model (U.S. Civil Service Commission, 1973; Washington State Personnel Department, 1973) has included an emphasis on the competencies needed for the job. With both models the analysis is usually carried out by management with the help of experts, and in other respects as well the two models are quite similar. Both have been found to be useful in analyzing semi-skilled and skilled work.

It is becoming obvious, however, that the traditional approach to task analysis is not suitable for the increasingly complex reality of organizational work. In particular, this approach is inadequate when it is applied to:

- Managerial jobs that are more complex than those previously subjected to analysis;
- Jobs in public systems that are characterized by complex responsibilities; and
- Group or team tasks, which are increasingly emerging as a way of organizing work in industries.

What is needed in order to address the more complex jobs that characterize today’s organizations is a different approach to task analysis:

Task analysis can be defined as the process of identifying the tasks of a particular job in a particular organizational context by analyzing activities, establishing performance criteria, determining required competencies, and analyzing any discrepancies uncovered by this process.

This definition, which is based on the concept of task suggested by the Tavistock School (Emery & Trist, 1969), indicates the following guidelines for successful task analysis:

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1. Analysis should be undertaken only after developing an understanding of the particular organizational context involved. The rationale for this is that any job exists within a particular organization, which has its own mission, philosophy, orientation, and goals. For the purposes of task analysis and this article, “job” means a module of work assigned to a person occupying a particular position (or role) in an organization.
2. The job should be broken down into specific activities performed and expected to be performed by the job holder or incumbent. An “activity” is an observable action often bound by time.
3. The activities should be grouped into tasks. A “task” is a set of related activities—a function—that makes a distinct contribution to organizational goals.
4. Performance criteria and their indicators should be established.
5. The competencies required for effective performance of each task should be identified.
6. The discrepancies between perceived and actual performance and between importance attributed and importance reflected in time spent should be identified.

A SIX-STEP MODEL

On the basis of the guidelines that conclude the previous section, we can say that task analysis involves the following steps:

1. Contextual analysis;
2. Activity analysis;
3. Task delineation;
4. Competency analysis;
5. Performance analysis; and
6. Discrepancy analysis.

1. Contextual Analysis

It is essential to know the mission, orientation, and goals of the organization of which the job is a part. An understanding of the organizational context also helps in clarifying the general orientation of the job. For example, the mission of a hospital may be defined as providing effective medical care and related support to the patients wishing to use the hospital. The term “related support” may be an important dimension of the mission of the hospital; it may imply that the jobs of the doctors and nurses also need to include “psychological support” as a task. If task analysis were undertaken in this situation without the development of this understanding, the observers may not “see” activities involving psychological support.

Those who undertake task analysis must first develop an understanding of the organization's mission, which is the direction or combination of directions in which the organization is moving. The mission includes such elements as a definition of the organization's basic business; how it markets its products or services and to whom; and its intentions with regard to profitability, growth, liquidity, values, treatment of employees and customers, and its stature in its field. Sometimes an organization's mission exists in written and published form. Regardless of whether a formal mission statement exists, those responsible for task analysis should summarize the mission in a one-sentence statement and should keep this statement handy throughout the process of task analysis.

The organization's broad goals or objectives also must be identified. These goals may or may not be a part of the mission statement. A sampling of employees may be asked to state these goals, and then these various statements may be compared with any goal statements that exist in formal documents. This exercise is also helpful in terms of testing whether the employees know the organization's formally stated goals or whether the goals have changed since they were originally stated in documents.

The last phase of contextual analysis, an optional one, is to identify the main tasks of the organization. Again, groups of employees may be asked to identify the tasks that pertain to each goal and to identify the jobs mainly responsible for these tasks. These employee statements then may be compiled and discussed. Such an exercise is also useful in clarifying goals and tasks and in increasing employees' commitment to them.

2. Activity Analysis

The second step is activity analysis. The successful completion of this step is dependent on a clear understanding of the qualities of an activity. An activity has three characteristics:

1. *It is observable.* For example, planning is *not* regarded as an activity because it cannot be observed.

2. *It is descriptive.* The behavior concerned must be capable of being stated specifically in terms that *describe* rather than *evaluate* or *interpret*. For example, if a behavior on the part of a nurse is recorded as *taking a patient's temperature*, this behavior qualifies as an activity; however, if the same behavior were recorded as "doing diagnosis," this phrase would be an interpretation of what had occurred and would not qualify as an activity.

3. *It is objective.* An activity, when observed by more than one person, should be capable of being recorded in written form in the same way by all observers. This is not to say that all observers will record all activities in the same way, but that anyone reading the written record of all observers' descriptions of an activity would interpret these descriptions to be of the same activity.

In addition, a distinction should be made between an *activity* and a *subactivity*. An activity is a behavior undertaken to *accomplish a task*, while a subactivity is one of a set

of behaviors undertaken *to complete an activity*. For example, when a bank employee makes an entry in a ledger, he or she is performing an activity whose subactivities might include taking the ledger from the shelf, opening the ledger, lifting a pen, and so forth.

Sources of Information About Activities

There are three main contributors of information for activity analysis: (1) the job incumbent, (2) those who interact with the job incumbent (called “role-set members”), and (3) outside experts. The role-set members include the incumbent’s supervisor, subordinates, colleagues, and in some cases others who interact with the incumbent (for example, patients and their relatives in the case of a nurse as job incumbent). The outside experts may be task analysts, educators, specialists in the field, or the organization’s top management.

These three sets of contributors can produce a great deal of usable information based on their observations, their reports of the activities that the job incumbent actually completes, and their assessments of activities that the job incumbent is or should be expected to complete. The role-set members or experts, for example, may be asked to observe the job incumbent and write their observations in some systematic way (every five or ten minutes, for example). In addition, they may be asked to write their expectations regarding activities that the job incumbent probably performs or should perform, even though they may not have observed any of these activities. A doctor, for instance, might write that he or she expects or would expect a nurse to monitor patients and notify the doctor when any patient needs immediate attention. The job incumbent can also write a report of activities actually performed and any additional ones that he or she expects to perform in the job in the future.

Collecting Information on Activities

Several methods can be used to prepare a comprehensive list of activities. The most commonly used methods are interviews, diaries, log books, and questionnaires.

1. *Interviews*. The interview is the most widely used and useful method of collecting information for activity analysis. Generally the respondent is simply asked to report observations and expectations. Sometimes, however, it may be useful to ask specifically what the job incumbent did on a particular day. Because respondents tend to give general answers, it is necessary to probe in an interview so that actual activities are revealed. For example, when interviewed about what a nurse does, a role-set member might say, “Well, the nurse takes care of patients.” It then becomes necessary to ask how the nurse takes care of patients—what he or she actually does. For this reason interviews require patience on the part of the interviewer. After thorough questioning the respondent becomes “educated” about the concept of an activity, and his or her answers become more pertinent and require less intervention from the interviewer.

2. *Diaries*. A diary is a set of detailed notes that a job incumbent keeps about the work-related activities that he or she performs during the work day. Before assigning the

task of keeping such a diary, it is a good idea to meet with the job incumbent to discuss what an activity is and what should be noted in the diary. At this meeting it may be helpful to provide a combination of instructions and example such as that shown in Figure 1.

3. *Log books.* A log book is a record that someone else keeps while observing a job incumbent. Again, it may be useful to discuss the potential contents of the log with the person keeping it. Providing a combination of instructions and example similar to that shown in Figure 1 may be helpful.

4. *Questionnaires.* A questionnaire may be devised and administered to the job incumbent, the role-set members, and/or outside experts.

Activity Analysis

The purpose of the activity-analysis diary is to help you keep notes about all of your work-related activities. Maintain the diary for four weeks: every work day for the first week, then every other work day for the second week, and then every third work day for the last two weeks.

Write a description of each work-related activity you perform during the day, and next to the description note the starting time. Be specific and use verbs. The following is an example:

Monday, January 16

<i>Time</i>	<i>Activity Description</i>
8:00	Read the mail that accumulated in my in-basket.
9:05	Spoke with a subordinate who came to my office with a request to implement a new program.
9:30	Chaired a weekly meeting with my staff.
10:40	Reviewed computer printouts of the company's financial status.
11:00	Attended a budget meeting.
1:00	Made a formal presentation of a proposal for a new staff position (requiring a new subordinate).
2:15	Studied project costs for the last six months.

Figure 1. Activity Analysis Diary (Instructions and Example)

The Product

After one or more of the suggested methods has been used for activity analysis, the product will be a long list of activities. At this point the list is comprehensive and has not been subjected to any kind of sorting; it includes a number of essentially redundant items as well as both highly specific and less-specific items. Figure 2 is an example of such a list for the position of district health officer in a province of Indonesia.

Activity List

1. Elicits information on health status, resources, and priorities from various health clinics in the district.
2. Discusses with staff members individually and in groups the problems that they face.
3. Studies program recommendations received from staff members.
4. Provides department heads with information during the monthly meeting of the district administration, briefing those attending about the progress and plans of health activities and the support needed from them.
5. Meets with the section heads weekly and discusses with them the outcome of the district meetings.
6. Attends meetings convened by the district leader to develop an understanding of the district health care needs.
7. Meets once a month with the managers of the district health clinics to review their progress.
8. Studies requests from the district leader and selects issues requiring attention.
9. Reviews work conditions of the staffs at the district and health clinic levels and improves conditions as necessary.
10. Obtains relevant data from concerned sections.
11. Meets with departmental heads to solicit their cooperation and help.
12. Visits health clinics periodically to review their work and to provide their staffs with guidance.
13. Meets with all sections and subsections once a month to develop an understanding of their accomplishments and problems.
14. Sends periodic information on projects to the province.
15. Reports to the district leader whenever large-scale help is needed from other departments and secures the leader's agreement to provide such help.
16. Consults with the district leader and the section heads about problems and prepares action plans for solving these problems (including specific activities, budget, personnel needs, schedule, etc.).
17. Guides staff members on matters relating to their jobs, families, and personal lives.
18. Studies information submitted by the section heads.
19. Writes action plans (covering budget, personnel, equipment, location, and time schedules) with the help of the section heads.
20. Studies progress reports from the section heads and compares these reports with plans in order to identify discrepancies.
21. Visits health clinics whenever there is a need and solves whatever problems exist.

Figure 2. Activity List for the Position of District Health Officer

22. Monitors the progress of action plans.
23. Counsels employees.
24. Studies reports received from health clinics in order to assess progress and identify problems.
25. Whenever necessary, visits field sites for evaluation of program implementation.
26. Contacts other departments to solicit support needed for implementation.
27. Meets with the section heads to discuss and finalize priorities and budget allocations.
28. In collaboration with the section heads, prepares the monitoring system for implementation of the program.
29. Meets with section heads to respond to their needs and to discuss and solve the problems of the health clinics.
30. Consults with health clinic managers and finalizes priorities and budget allocations.
31. Meets periodically with staff members to provide information and to encourage them to share information.
32. Talks with the section heads about their programs and factors that facilitate and hinder those programs.
33. Communicates relevant information about implementation to the district leader.
34. When necessary, helps in solving problems that exist between or among the section heads.
35. Obtains detailed budget proposals from the health clinics and sections.
36. Rewards the staff members for good work and encourages their future work.
37. Prepares a guide on monitoring projects (for personal use).
38. Attends meetings of the legislature when invited.
39. Organizes staff training.
40. Collects data from communities and sections whenever they are needed to address issues raised in the Legislature.
41. Collects and reviews information on the progress of each project.
42. Reviews received budget plans and determines priorities.
43. Acts on or responds to the issues raised in the Legislature regarding health matters.
44. Discusses the budget with the provincial representatives.
45. Discusses with section heads the pace of program implementation as well as any problems encountered.
46. Discusses the budget with the district leader.

Figure 2 (continued). Activity List for the Position of District Health Officer

3. Task Delineation

After activity analysis has been completed, the next step is to group the activities into tasks and to name these tasks. This process, known as task delineation, involves subjective decision making and should be undertaken only by people who know and understand the job.

There is no set rule regarding the number of tasks to be delineated. However, there should not be so few that one cannot review them and form a clear picture of the job. Similarly, there should not be so many that the differences among activities is not readily apparent and that their numbers become cumbersome for performance appraisal and other purposes.

The tasks should be balanced in terms of the number of activities each comprises. If one task has too many activities, it needs to be divided into two or more tasks. For example, when delineating a nurse's tasks, one should not call "patient care" a task because too many activities are covered by this term. Instead, patient care should be broken down into care requiring special skills, care requiring few skills (such as making the patient's bed), and sociopsychological care and support. Figure 3 shows the tasks that were created from the list of activities presented in Figure 2. After the tasks have been delineated, it is a good idea to rate the importance of each to the job and to assess the percentage of time spent by the job incumbent on each.

Task List
<p><i>Note:</i> The following tasks were derived from the activities listed in Figure 2. The numbers in parentheses following each task correspond to the item numbers in Figure 2 and indicate the activities that the particular task comprises.</p>
1. Health planning for the regency (1, 18, 27, 30, 35, 42, 44, 46).
2. Implementing and monitoring health programs (3, 10, 14, 19, 26, 28, 37, 41, 45).
3. Responding to the requests, etc., of the district leader (2, 6, 8, 16, 22, 33, 38, 40, 43).
4. Coordinating with other agencies/departments (4, 11, 15, 26).
5. Supervising sections (5, 13, 20, 25, 32, 34).
6. Supervising health clinics (2, 7, 12, 21, 24, 29).
7. Performing human resource management and development (2, 9, 17, 23, 31, 36, 39).

Figure 3. Task List for the Position of District Health Officer

4. Competency Analysis

A job incumbent needs different types and levels of competencies in order to perform job tasks well. Competency analysis helps in identifying the competencies that are necessary for the tasks that have been delineated.

Competencies can be divided into five main types: knowledge, skills, abilities, orientation, and experience. Of these five types, orientation may require some

General Orientation

With the increasing government emphasis on community participation and collaborative work in matters concerning health, the district health manager needs to see the community and its various health agencies as resources. He or she needs to respect and be willing to use community traditions and customs that promote good health. In addition, the district health manager should be proactive in identifying and seeking community resources that can be harnessed for promoting health programs. He or she should be oriented toward innovation and experimentation in solving problems and should encourage the doctors and other staff members in the district health clinics and hospitals to be similarly oriented. He or she needs to be dedicated to providing strong, creative leadership for subordinates, including those on staff at the district health clinics and hospitals. Finally, the district health officer should be willing to learn and experiment in this position.

Figure 4. Complete Orientation Description for the Position of District Health Manager

explanation. Orientation is a general attitude reflecting the values of the job holder. For example, in the case of a nurse, “respect for the patient” may be deemed to be an important orientation. (See Figure 4 for an example of a complete orientation description.) The procedure of analyzing the competencies required for each task should be performed by people who know and understand the job. Such a group may include the job incumbent, his or her superior and peers, and outside experts.

Another process that may be completed is the identification of the job incumbent’s present level of each identified competency. A five-point scale is recommended for this purpose. The same group that establishes competencies—with the possible exclusion of the job incumbent, depending on his or her level of insight—may make this assessment.

5. Performance Analysis

The main purpose of performance analysis is to evaluate the impact of a job—how effectively it is being done or has been done. This step consists of assessing how well the job incumbent has performed the tasks for which he or she is responsible.

The effectiveness of a task can be measured in terms of its *outcome*, or the end result, as well as in terms of its *process*, or how it is performed. Hard data may be gathered indicating both kinds of effectiveness. For example, one can evaluate the task of taking customer orders with regard to the number of orders taken (outcome) as well as with regard to the time spent on the task or the number of mistakes made (process).

For each task it is advisable to identify only a few indicators of effectiveness: one or two for outcome effectiveness and one or two for process effectiveness. It is important to keep in mind that indicators must be specific, concrete, and measurable. Developing them is a difficult and creative task and should be undertaken only by people who have extensive knowledge of and insight into the job. A group consisting of the job incumbent, the role-set members, and experts may brainstorm in order to identify a number of indicators and then select only the best alternatives.

6. Discrepancy Analysis

Discrepancy analysis is the identification of any discrepancies that become obvious as a result of the previous five steps. For example, discrepancies may exist between activities reported by the job incumbent and those reported by the role-set members, between activities reported and those observed or expected, between the importance of a task and the time spent completing it, between needed competencies and existing competencies, and so on. These gaps may indicate a need for certain remedial measures, such as redefining the role, training, additional work planning, delegating, increased monitoring, or counseling.

It is a good idea to check periodically for discrepancies between the job definition as reflected in the delineated tasks and actual job performance. Information about performance can be obtained by any one or a combination of the following methods:

- The job incumbent may monitor the time spent on each activity;
- The role-set members may analyze the importance attributed to various tasks versus the time spent on them; and/or
- Trained observers may observe the job incumbent for a few days.

Discrepancies between *desired* activities or tasks and *actual* performance may then be noted and acted on accordingly.

USES OF TASK ANALYSIS IN HUMAN RESOURCE DEVELOPMENT

The type of task analysis described in this article may be useful to the organization and to individual employees in several ways:

1. *In selection and placement.* Better recruitment and selection devices can be prepared on the basis of task analysis (especially competency analysis). Competency analysis can also help an organization to place people in jobs in which they can be more effective (appropriately matching jobs with people).

2. *In planning work.* Task analysis can help in setting individual tasks for a specific period, helping a job incumbent to determine the priorities of various tasks, minimizing overlap between or among jobs, identifying neglected tasks in a work unit, planning the delegation or redistribution of work, and job enrichment.

3. *In monitoring performance.* A performance-monitoring system can be developed based on the indicators of process and outcome effectiveness for the various tasks.

4. *In performance appraisal.* Task analysis can help in negotiating tasks and activities to be performed, in evaluating the quality and/or quantity standards of task performance (both process and outcome effectiveness), and in analyzing the factors that help and hinder in completing tasks.

5. *In employee development.* Task analysis can help in providing an employee with feedback on strengths and weaknesses, in performance counseling, and in determining an employee's needs for training.

6. *In team building.* Task analysis can help team members to develop a better understanding of one another, to locate areas of task conflicts and deal with them, and to build linkages and mutuality between or among jobs.

7. *In designing training.* Analyzing discrepancies between required competencies and the incumbent's present level of competencies, determining the importance of various tasks, and identifying discrepancies between the importance of tasks and the time spent on them can all be of assistance in identifying training needs and then designing a training strategy.

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■ **MANAGING GREEN: DEFINING AN ORGANIZATION'S ENVIRONMENTAL ROLE**

Marian K. Prokop

INTRODUCTION

Twenty years ago the United Nations Conference on the Human Environment was convened in Stockholm, Sweden, marking the start of the era of the environment. At that time, the conference was intended to make world leaders aware of environmental concerns. In contrast, a major United Nations Conference on Environment and Development will take place in Brazil in 1992. Its focus will be on the economics of environmental management. As Long (1991, p. 4) notes, "One can track the evolution of environmental concern over twenty years by watching it move from the back page of major newspapers to the front page, and now to the financial page."

A second change in focus between the two conferences is that the first focused on "tangible" forms of pollution (primarily air and water pollution); the second will encompass "intangible" forms of pollution (chemicals, radiation, and so on), as well as such topics as global warming, depletion of the ozone layer, deforestation, and pollution of the oceans.

Just as the shift in focus of the two conferences can be tracked, a change in the trends of environmental management can also be tracked. In the 1970s, governments sought improvements for pollution problems with regulation. Over time, governments have come to rely on market-based incentives, such as environmental taxes, deposit-refund plans, and tradable emission permits.

In the European Community, differences are readily apparent in how environmental concerns are handled. For example, Great Britain, as an island, has different pollution problems from those of the more densely populated Germany, which is situated in the center of Europe; this explains in part Germany's stricter environmental regulations and stronger green political party.

The twenty-four member countries of the Organization for Economic Cooperation and Development (OECD) represent 16 percent of the world's population, but their economies generate 76 percent of the world's trade and 50 percent of the world's energy use (Avérous, 1991). The OECD has taken an active role in five key areas: "the relationship between the economy and the environment; energy and the environment;

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clean technology; environmental health and safety; and cooperation with nonmember countries” (Long, 1991, p. 7).

Despite the progress made in some parts of the world, the outlook for the developing world is less optimistic. In most of the developing world, environmental concerns have been set aside in the face of population growth and debt problems. However, discovery of the hole in the ozone layer over Antarctica has pointed to the urgency of achieving global cooperation; the efforts of developed nations alone will be inadequate to address such global environmental threats.

This article describes the current trends in managing green and the reasons behind these trends. It outlines practical approaches to minimizing waste and maximizing resources and concludes with ways in which a human resource development (HRD) professional can assist an organization in defining its environmental role.

TRENDS IN MANAGING GREEN

“Going green” means that all parts of an organization must accept the organization’s social and environmental responsibilities. Organizational decision making requires making choices from among various alternatives, each of which is more or less harmful to the world at large. For example, an organization committed to going green might decide to select suppliers based in part on each supplier’s environmental responsiveness or to offer incentives to employees who carpool or telecommute (that is, work at home and communicate with the organization via computer modem). The organization might also decide to provide space for a recycling center to which employees and community residents could bring recyclable paper, glass, aluminum, and plastic.

In the past industry reacted to environmentalism; legislation mandated pollution control and hazardous-waste management. Now the trend is for environmentalism to stimulate innovation. Economic incentives offered by the government and pollution prevention strategies are key trends for the future.

Another trend is for companies to expand their environmental management staffs (Deutsch, 1991). For example, at DuPont Company the number of environmental staff positions at its headquarters has increased from three to eleven in the past four years. At the International Business Machines Corporation (IBM) a vice president of environmental health and safety was appointed in 1990. At Ciba-Geigy environmental auditors work as an independent department that reports to the chief executive officer (CEO). At Polaroid Corporation environmental issues are incorporated into the management system by controlling the toxic waste that is generated, by researching new processes that are environmentally sound, and by monitoring the solid waste resulting from Polaroid products and packaging.

Traditionally the industrial sector had the most at stake in being environmentally responsible. Currently, however, the green movement has shifted to the consumer sector (Lublin, 1991). In the last few years more than twenty such companies have appointed

environmental-policy officers, including Walt Disney Company; S.C. Johnson & Son, Inc.; Kraft General Foods; Dayton Hudson; Lever Brothers; and Colgate-Palmolive.

WHY COMPANIES ARE BEGINNING TO GO GREEN

McDonald's is a corporation that generates two million pounds of trash per day. In 1989 Fred Frupp, executive director of the Environmental Defense Fund, was called in as a consultant. McDonald's was facing declining sales and consumer pressure to eliminate its "clamshell" packaging. Frupp stressed that the company could not become a leader in environmental sensitivity by just giving money to environmental groups; instead, leadership required a change in operations. The Environmental Defense Fund and McDonald's set up a joint task force in 1990; the task force's report included more than forty recommendations, which, if adopted, could cut trash by three-fourths. Consumers will notice few changes because the majority of the trash at a McDonald's restaurant is generated behind the counter. For example, McDonald's opted to recycle all of its corrugated cardboard, which accounts for one-third of its trash output. In a parallel move, McDonald's required its suppliers to use boxes with at least 35-percent recycled content, thereby strengthening the demand for recycled corrugated boxes. In response to the costs of waste—actual costs and public-relations costs—McDonald's took the position that environmental responsibility was a role that the company could not afford to forego (Gifford, 1991).

This example illustrates the three incentives for businesses to "go green": marketing, social responsibility, and economic value.

Marketing. Consumers are beginning to respond to products that are environmentally responsible. One marketing firm reports that 89 percent of American consumers care about the environmental impact of products, and 78 percent will pay more for products that are "environmentally benign" (Bechtel & the editors of Rodale Press, 1990, p. 1).

In 1989 the Environmental Protection Agency identified IBM as a major emitter of chlorofluorocarbons (CFCs), which deplete the ozone layer. In part to counteract the negative publicity, IBM committed to spending \$100 million by the end of 1993 to correct the problem.

Social Responsibility. Investors are finding that how they evaluate investments needs to change. Choices made solely on the basis of financial return may neglect environmental costs, which will need to be borne somewhere. As Stevenson (1990, p. F13) notes, "The complete return on an investment includes not only the immediate financial reward, but also the financial and physical consequences to other people, the environment, and society."

Corporations also are finding that investing in socially responsible organizations makes good business sense. Ben & Jerry's and Patagonia are just two examples of companies that contribute substantial portions of pre-tax profits to green causes.

Economic Value. The savings from pollution control can be substantial. The 3M Company has incentive programs for employees to suggest pollution control projects. In the past fourteen years, employees have created 2,700 projects that have saved the company more than \$500 million (Jacobs, 1990).

Reducing waste alone can be profitable (Bechtel et al., 1990). In the past, AT&T spent \$1 million per year to dispose of trash. With the advent of a recycling program, the company earns \$365,000 per year selling recyclables. Similarly, a hospital in Allentown, Pennsylvania, saves \$25,000 per year in hauling fees merely by separating cardboard from its trash.

PRACTICAL APPROACHES FOR MANAGING GREEN

All businesses have an impact on the environment. As Joel Makower, coauthor of *50 Simple Things Your Business Can Do To Save the Earth*, says:

To be in business is to be involved in a polluting activity, even if you're not in the manufacturing sector dealing with toxic ash and black smoke. Every company does two basic things: consume energy and resources and create waste. To "go green" reduces to two basic goals: reduce waste and maximize resources—both your investment, capital, and people and the land, water, and air. You can't help but get a better return in the long run. (Nixon, 1991, p. 11)

Practical approaches to managing green involve addressing the twin goals of minimizing waste and maximizing resources. The following sections outline suggestions for implementing these goals.

Goal 1: Minimize Waste

Minimizing waste consists of three steps: (1) reducing the amounts of materials used in an organization's operations, (2) reusing materials when feasible, and (3) recycling as many types of materials as possible.

Reducing the Materials Used

The Environmental Protection Agency estimates that the average American office worker generates as much as one and one-half pounds of paper waste per day. A simple way to alleviate this situation is to use voice-mail or electronic-mail (E-mail) messages instead of making copies of information for everyone in the organization. Another option is to route a single copy of information to a series of readers. Following are suggestions for further reducing the use of paper in an organization:

- Provide reusable cloth towels instead of paper towels in rest rooms;
- Replace frequent company-wide memos with a weekly newsletter;
- Supply ceramic mugs instead of styrofoam or paper cups for coffee;
- Use the smallest packing boxes possible;

- Reduce the size of product packages; and
- Use refillable packages.

Direct-mail marketers have special responsibilities in the area of reducing paper use. The Direct Marketing Association Task Force on Environmental Issues inspired a guidebook entitled *Keeping Your Company Green*, which includes a chapter on “green marketing” that makes the following recommendations (Bechtel et al., 1990):

- Use suppression files (“nixie” and “pander” files) in merge/purge operations to reduce the unwanted and undeliverable mail sent out;
- Purge files often and make use of the National Change of Address data bank;
- Mail fewer, more targeted pieces;
- Reduce the trim size of catalogs and mailings; and
- Try telemarketing.

Energy use is another area in which companies can conserve. On an average, lighting accounts for up to 40 percent of all the energy used in a commercial building. Therefore, a company might switch to compact fluorescent bulbs. The following calculations were made by Amory Lovins, research director of the Rocky Mountain Institute:

A single 18-watt compact fluorescent light bulb produces the same light as a 75-watt incandescent bulb but lasts about 13 times as long. Over its lifetime, the new light bulb will slow global warming and reduce acid rain by avoiding emissions from a typical U.S. coal plant of one ton of CO₂ and about 20 pounds of SO₂ (sulfur dioxide) The same fluorescent bulb will also save the cost of buying and installing a dozen ordinary bulbs (about \$20); the cost of generating 570 kilowatt hours of electricity (about \$20+ worth of fuel); and, during its lifetime, approximately \$200-\$300 worth of generating capacity. (Bechtel et al., 1990, pp. 46-47)

Businesses also can conserve energy by programming thermostats to automatically adjust the temperature when the building is empty; by wrapping water heaters with insulation and keeping them at 130 degrees; by encouraging car pooling—or, better yet, bicycle riding;¹ and by installing low-flush toilets and faucet aerators to lower water use.

Reusing Materials Whenever Possible

Many items can be recycled; however, using materials more than once before they are recycled is more environmentally responsible than recycling alone. Reusing, then, is the step between using and recycling; following are some ideas for reusing materials:

- Write or print on both sides of a sheet of paper;
- Reuse folders, notebooks, envelopes, and so on;

¹ While encouraging bicycle riding to conserve energy, employers also can take the opportunity to encourage the protection of human resources by stressing the importance of riders’ wearing bike helmets and observing proper safety precautions.

- Make scratch pads from scrap paper;
- Refill laser-printer toner cartridges;
- Re-ink printer ribbons;
- Reuse packing boxes; and
- Use old newspapers or shredded computer paper for packing materials.

Recycling Materials

Every ton of recycled paper means saving seventeen trees, 4,100 kilowatts of energy, and 7,000 gallons of water. It also keeps sixty pounds of pollution out of the air and three cubic yards of trash out of landfills. Similarly, the energy saved by recycling one glass bottle can light a 100-watt light bulb for four hours, and recycling one aluminum can will save enough energy to operate a television for three hours (Bechtel et al., 1990).

Recycling is now mandatory in nine states, and legislation is pending to make it mandatory in twenty-two more states. In response to the Resource Conservation and Recovery Act, the United States Government Printing Office requires a minimum of 50 percent recycled fiber in all its printed products. Even the *Encyclopaedia Britannica* is printed on recycled paper. But producing products made of recycled materials requires a constant supply of recycled materials. Companies can support recycling in the following ways:

- Switch to toilet tissue, paper towels, and copy paper made from recycled materials;
- Use wooden stir sticks for coffee instead of nonbiodegradable plastic stir sticks;
- Buy recycled paper from a wholesaler who is committed to developing new recycled products;
- Replace polystyrene peanuts—which contain ozone-depleting CFCs—with alternatives that are made without CFCs;
- Use recycled boxes for shipping;
- Appoint someone to supervise in-house recycling;
- Put two wastebaskets at each desk, one for recyclables and the other for nonrecyclables;
- Buy a silver-recovery filter system for darkroom chemicals;
- Recycle used fluorescent light tubes; and
- Recycle the wood in damaged shipping pallets.

Goal 2: Maximize Resources

Maximizing resources has to do with making the best possible use of all of the resources available to a company, including its investments, capital, people, land, water, and air. The means that organizations employ to maximize resources are as varied as the organizations themselves. One common element in each of the approaches is a recognition on the part of the organization of its responsibilities and a commitment to uphold them.

Investment, Capital, and People. Corporate America has spent \$850 billion on pollution cleanup in the past twenty years—with \$72 billion spent in 1990 alone (Boroughs & Carpenter, 1991). The balance between the business community and environmentalists is shifting; businesses are beginning to find that prevention is less costly than treatment. Some environmentalists compare pollution prevention to wellness programs (Sheets, 1990, p. 46): “It is not only the moral and ethical thing to do; it makes sense on a dollars-and-cents basis.”

Similarly, people are a company’s greatest resource; conserving human resources goes hand-in-hand with conserving other resources. Companies maximize these human resources by a variety of means, including encouraging community volunteerism, sponsoring corporate wellness programs, and providing opportunities for personal and professional growth.

Land, Water, and Air. “Design for disassembly” is an offshoot of the reduce/reuse/recycle movement. The phrase refers to items whose component parts can be coded and recycled by professional recyclers. One example is BMW, whose Z1 sports car boasts a metal frame and plastic bumpers, doors, and panels, all coded for recycling (Groves, 1991).

While designing for disassembly is a complex approach to maximizing resources, simpler approaches abound. For example, Lakewood Publications recently planted 15,000 trees in its home state of Minnesota as a step toward replenishing the trees used to publish its magazines, newsletters, and books. Trees not only provide the raw material for paper but also absorb carbon dioxide in the atmosphere, a key step in reversing global warming. For Lakewood, tree planting is one step in a long-term approach to environmental responsibility.

A company can maximize resources in many ways, ranging from buying unbleached coffee filters (to bypass the dioxin production that results from the bleaching process) to halting the testing of products on animals to detoxifying products by eliminating chlorine-bleached paper, plastic outer wraps, and the use of heavy metals in inks (Bechtel et al., 1990). Another approach could be for the company to endorse the Ceres Principles.

THE CERES PRINCIPLES

The Coalition for Environmentally Responsible Economies (CERES) was founded in 1988 “to devise and implement strategies for influencing the environment through capital allocation” (CERES, 1991, p. 2). Its membership includes such groups as the National Audubon Society, the Sierra Club, the United States Public Interest Research Group, and the AFL-CIO Industrial Union Department. On September 7, 1989, CERES released a set of ten guiding principles, originally called “The Valdez Principles,” named in response to the environmental disaster created by the *Exxon Valdez*, and later renamed “The CERES Principles.” Corporations that wish to publicly affirm their commitment to environmentally sound business practices may choose to adopt the CERES Principles (Figure 1).

As of August, 1991, twenty-nine companies had endorsed the Valdez Principles. In addition, several *Fortune* 500 companies are considering a partnership with CERES around the principles. The CERES Principles illustrate the potential for voluntary corporate self-governance in environmental responsibility .

CONCLUSION

Human resource development practitioners are in unique positions to facilitate the transformation to managing green. To start, HRD staff can model behaviors that minimize waste and make efficient use of resources. The next step might be to route a copy of this article to managers to educate them on environmental issues and to encourage them to consider the organization’s environmental policy. Subsequently HRD professionals can urge top management to consider whether environmental responsibility should be a part of a company’s values and mission statements. By incorporating environmental responsibility into these statements and then publicizing the statements throughout the organization, top management can demonstrate its environmental commitment to employees.

Once the organization’s position on environmental responsibility has been delineated, HRD professionals can arrange and/or conduct company-wide training on how to implement activities that are environmentally responsible. One important facet of the training should be to solicit ideas from employees and then to use as many of their ideas as feasible. This earns the employees’ commitment and honors their contributions. As an offshoot of the training, the organization can publicize—both internally and externally—what it is doing to fulfill its responsibilities to the environment.

Throughout this process, HRD professionals need to emphasize that environmental concerns and economic concerns are interdependent. As William Reilly, administrator of the Environmental Protection Agency, notes:

Environmental protection is a sound economic investment The star corporate performers of the 1990s will be the companies that are ahead of the environmental power curve. Their customers, employees, stockholders, and boards will increasingly demand a positive environmental performance—not only out of concern for the environment, but also because pollution is a sign of poor management, waste, and inefficiency. (Reilly, 1990, p. B4)

The CERES Principles

Introduction

By adopting these Principles, we publicly affirm our belief that corporations have a responsibility for the environment, and must conduct all aspects of their business as responsible stewards of the environment by operating in a manner that protects the Earth. We believe that corporations must not compromise the ability of future generations to sustain themselves.

We will update our practices constantly in light of advances in technology and new understandings in health and environmental science. In collaboration with CERES, we will promote a dynamic process to ensure that the Principles are interpreted in a way that accommodates changing technologies and environmental realities. We intend to make consistent, measurable progress in implementing these Principles and to apply them to all aspects of our operations throughout the world.

Protection of the Biosphere

We will reduce and make continual progress toward eliminating the release of any substance that may cause environmental damage to the air, water, or the earth or its inhabitants. We will safeguard all habitats affected by our operations and will protect open spaces and wilderness, while preserving biodiversity.

Sustainable Use of Natural Resources

We will make sustainable use of renewable natural resources, such as water, soils, and forests. We will conserve nonrenewable natural resources through efficient use and careful planning.

Reduction and Disposal of Wastes

We will reduce and where possible eliminate waste through source reduction and recycling. All waste will be handled and disposed of through safe and responsible methods.

Energy Conservation

We will conserve energy and improve the energy efficiency of our internal operations and of the goods and services we sell. We will make every effort to use environmentally safe and sustainable energy sources.

Risk Reduction

We will strive to minimize the environmental, health, and safety risks to our employees and the communities in which we operate through safe technologies, facilities and operating procedures, and by being prepared for emergencies.

Safe Products and Services

We will reduce and where possible eliminate the use, manufacture, or sale of products and services that cause environmental damage or health or safety hazards. We will inform our customers of the

environmental impacts of our products or services and try to correct unsafe use.

Environmental Restoration

We will promptly and responsibly correct conditions we have caused that endanger health, safety, or the environment. To the extent feasible, we will redress injuries we have caused to the environment and will restore the environment.

Informing the Public

We will inform in a timely manner everyone who may be affected by conditions caused by our company that might endanger health, safety, or the environment. We will regularly seek advice and counsel through dialogue with persons in communities near our facilities. We will not take any action against employees for reporting dangerous incidents or conditions to management or to appropriate authorities.

Management Commitment

We will implement these Principles and sustain a process that ensures that the Board of Directors and Chief Executive Officer are fully informed about pertinent environmental issues and are fully responsible for environmental policy. In selecting our Board of Directors, we will consider demonstrated environmental commitment as a factor.

Audit and Reports

We will conduct an annual self-evaluation of our progress in implementing these Principles. We will support the timely creation of generally accepted environmental audit procedures. We will annually complete the CERES Report, which will be made available to the public.

Figure 1. The CERES Principles

This amended version of the CERES Principles was adopted by the CERES Board of Directors on April 28, 1992. Originally from The CERES Guide to the Valdez Principles (pp. 4-5) by CERES, Inc., 1991, Boston: Author. Copyright © 1992 by CERES, Inc. Reprinted by permission.

The “no-growth” initiatives of the 1970s have been replaced by calls for “sustainable development,” in which economic growth is measured in terms of quality and quantity. “Economics” and “ecology” have the same Greek root, oikos, meaning “household” and “everything in its proper place” (Long, 1991, p. 7). The challenge for the 1990s is to integrate the two concepts once again through defining the organization’s environmental role.

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■ JOURNEY TO EXCELLENCE: ONE PATH TO TOTAL QUALITY MANAGEMENT

Donald T. Simpson

Total-quality management is a major movement in business and industry. The concept is spreading rapidly through social services, hospitals and health care systems, academic and financial organizations, and other areas of our society. Consumers, clients, audiences, and constituencies—the customers—are more sophisticated than ever. They expect high-quality products and services. They patronize establishments that meet their expectations. Total quality is a genuine trend. It is not a fad. Total quality is a way of organizational life, a cultural phenomenon.

As for any organizational transformation, beginning such a journey is difficult. Some organizations may give up when goals are vague or results not immediate. Understanding the nature of the change helps senior managers, directors, and consultants plan the journey and chart the progress. There are many approaches to total-quality transformation. This article describes one path which is proving successful in both public and private, profit and non-profit sectors. The process complements sound management practice, such as strategic planning. Every organization is unique. Each is at a different place in transformation to a total-quality culture. Anyone—manager, staff member, board member, or consultant—who works as a change agent must meet the organization and its people where they are in the journey.

TOTAL QUALITY AS ORGANIZATIONAL CULTURE

Organizational culture is more than shared understandings. It is the outcome of all the forces that have shaped the organization in the past and that will determine its future. Culture is the pattern of basic assumptions that the organization has invented, discovered, or developed in learning to cope with the problems of adapting to its environment and integrating itself internally. These assumptions have worked well enough to be considered valid. They are taught to new members as the “right” way to perceive, think, and feel (Schein, 1983). Many patterns of the organization—the way we operate around here—become so ingrained that they are subconscious and therefore not debatable. They are basic assumptions. Other patterns—values—are more explicit and open to discussion.

Total-quality efforts often run against many of the basic assumptions in traditional organizational culture (Figure 1). Until the organization makes basic assumptions

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explicit, total quality remains a good intention at best, a miserable disappointment otherwise. Management and labor each naturally reinforce behavior that supports their own assumptions and values. The culture often does not reinforce on-the-job use of quality processes. Management, even as it espouses total quality, may consciously or unconsciously suppress quality efforts that present new ways of thinking contrary to the traditional culture. Developing a total-quality organization involves for many establishments a change in culture. Such a transformation requires learning new ways to perceive the world, a paradigm shift. In spite of some anecdotes to the contrary, the process takes time, perhaps three to five years, with committed management and directors. Some organizations will not complete the journey. In a “can-do” national culture, short-term results have traditionally dominated management thinking (Deming, 1982).

THE CRITICAL BEGINNING

Senior management must lead the way. Senior managers must make a conscious, informed decision that the organization will change. They must become role models. In a culture embodying values like empowerment, consensus, teamwork, continuous improvement, and openness to new ideas, good management is more important than ever. Becoming such a role model is not easy, nor is it without risk and pain. But it is necessary. Good intentions are not enough. Management needs a road map, a process by which it can guide the organization into the new world. Acknowledging vulnerability and need for help is the first step in learning. Organizational consultants can provide objectivity, new insights, and needed process skills. Networking with other organizations on their own total-quality journeys is equally important.

A PROCESS MODEL

Through practical experience with large and small organizations, a model of the initial phases of the journey of transformation has emerged (Figure 2). Total quality is a journey, not a destination. The concept implies continuous improvement. The process described here is not a recipe. It is a guide—to be considered, followed, deviated from, and modified as the particular organization, its management team, board of directors, customers, and environment determine. Consultants can help, but management must take responsibility for its own process.

VALUES IN SOME TRADITIONAL ORGANIZATIONAL CULTURES

Bigness Obsession: Success is measured by how big or profitable we are. *Charge what the market will bear, expand, grow in size.*

Departmental View: We measure success by how well this department does. *We're the best; let the rest of the organization do as well as it can.*

Closed System: We know what is true and best in our field. Outsiders cannot understand it, and thus they cannot really contribute. *Reject what was not invented or discovered here.*

Individual Competition: As the pyramid still narrows at the top, we are in competition with one another for fewer and fewer positions as our careers progress. *Sorry if I step on you from time to time.*

Individual Responsibility: I am responsible for my job, you for yours. *If I do better than you, I get promoted or rewarded, and you do not.*

Different Processes: We use what works for this department. *That's the way we have always done it; it works for us.*

Within Tolerance: We believe that there is a certain point at which further improvements are not necessary. *If it isn't broken, don't fix it.*

Short-Term Focus: All we need to do is get through another day, put out the fires, and make a dollar or two. *Tomorrow will have to take care of itself.*



VALUES IN A TOTAL QUALITY CULTURE

Customer Obsession: We exist to meet customer needs. Success and growth depend on satisfied audiences, constituents, and customers.

System View: We consider the organization as a whole, intentionally suboptimizing parts as necessary so that the whole can be optimal.

Open System: We accept new ideas from outside the field and adapt them as appropriate. We encourage creative/innovative approaches.

Teamwork: We work together, sharing, listening, building on one another's ideas without undue attention to awarding individual credit.

Shared Responsibility: We succeed or fail as a team. Each person has a personal commitment to the success of the organization and the profession or field.

Common Process: We know and use the same language and disciplined process in problem solving, planning, and improvement efforts.

Continuous Improvement: We believe that there is no "there," no perfect solution; we are always seeking improvement.

Balanced Focus: Board and staff members balance long-term goals with necessary short-term objectives.

Figure 1. Transformation to Total Quality

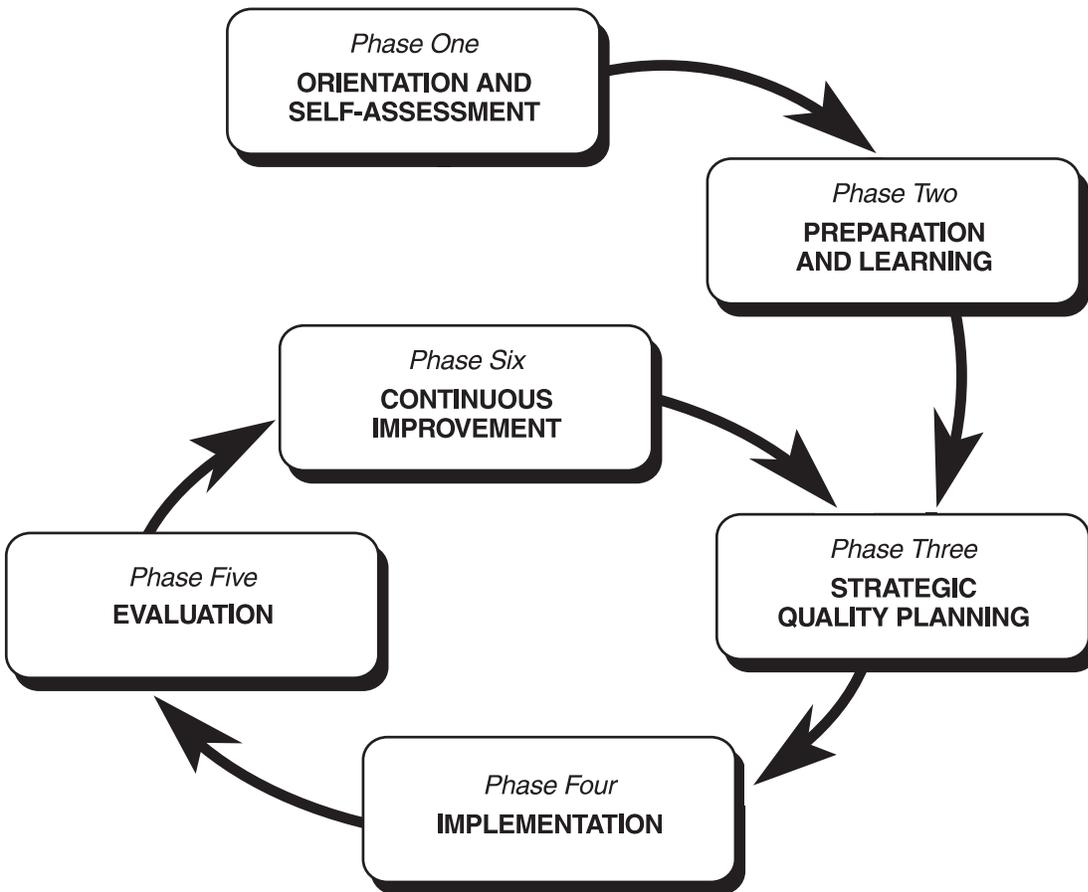


Figure 2. The Journey

The model involves six phases. It is more holistic than it appears. Although depicted as distinct sets of activities, in practice the six phases overlap, and activities begun in one phase often continue or recycle through other phases. Again, every organization is unique. Readiness for change, already established processes, management style, and organizational purpose all suggest adaptations in the basic model. Nevertheless, the model provides a useful road map and a vehicle for examining the role of organizational change toward total quality.

PHASE ONE: ORIENTATION AND SELF-ASSESSMENT

Phase One experientially introduces the organization's senior management team to the concepts of a total-quality culture (Figure 3). The team then makes an informed decision whether to undertake the journey. Through self-assessment, often based on the Malcolm Baldrige National Quality Award Criteria, the team gains an appreciation of critical issues it faces.

At the culmination of Phase One, the management team:

- Assesses the organization against recognized, established criteria.

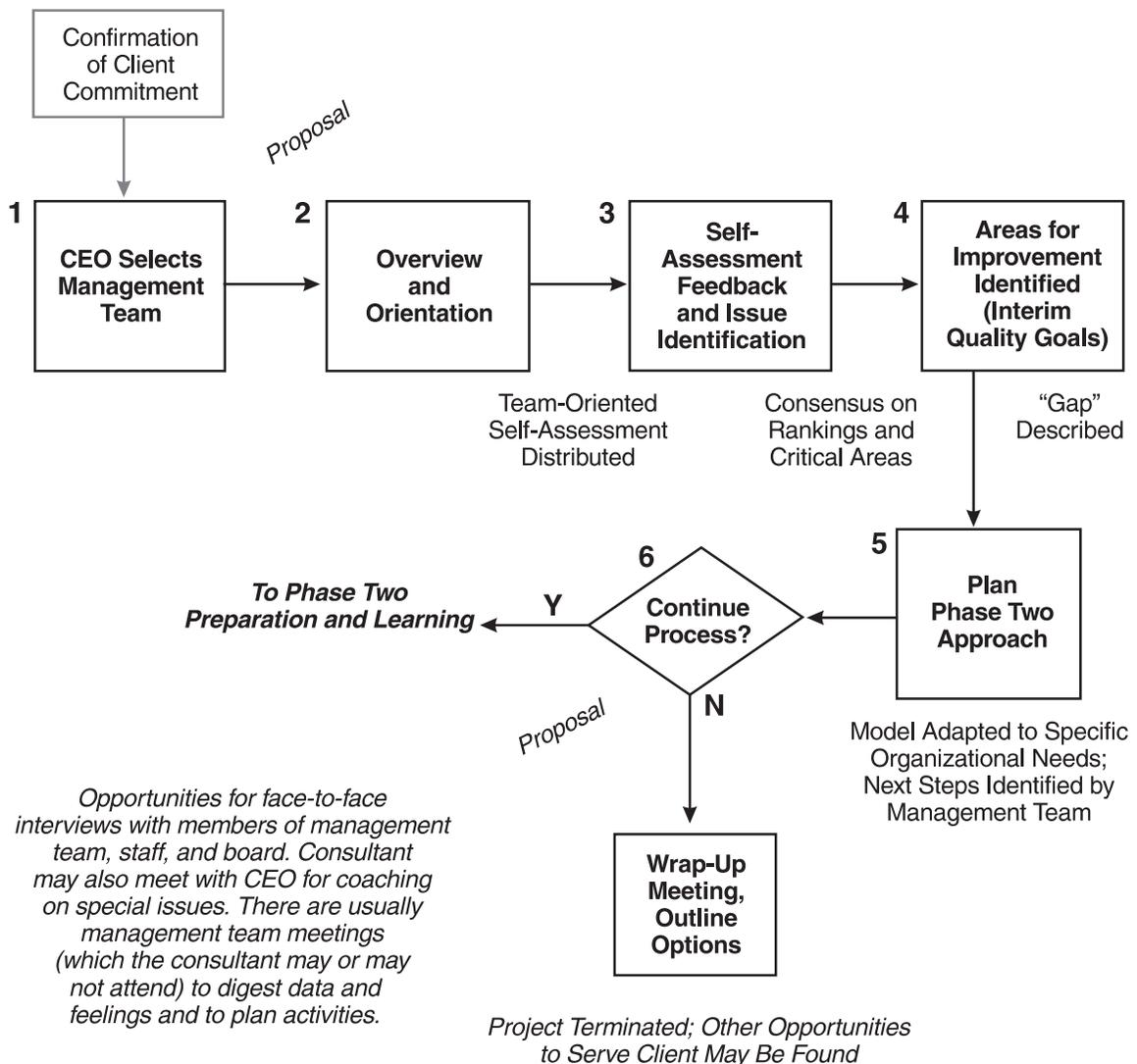


Figure 3. Phase One: Orientation and Self-Assessment

- Has a statement of present state, desired state, and interim quality goals.
- Considers options in undertaking a total-quality journey.

The keystone of this initial phase is self-assessment through a comprehensive questionnaire covering recognized criteria for total quality. A quality consultant usually administers the survey, tallies the results, and feeds the information back to the team. The team develops a sense of the issues it faces as it comes to consensus in identifying pressing quality issues. The management team uses the data from the self-assessment to define a gap between the organization’s present state and the team’s vision of what quality means.

Phase One is necessarily heavy on consultant input, although major decisions, such as the composition of the management team, belong to the organization’s executives. Nevertheless, the consultant assures that near the end of Phase One the management

team is aware of options. The team makes a decision whether to continue its exploration of total quality.

Phase One is essentially an awareness-building process. How quickly a management team completes this phase depends on its enthusiasm and commitment—and those of the consultant. Phase One should move promptly. An anticipated target time is about two to four weeks.

PHASE TWO: PREPARATION AND LEARNING

Phase Two provides the senior management team with essential knowledge and skills that enable it to undertake a long-term organizational transformation effort. There is also some immediate return on investment—a payoff in using the quality processes—which encourages the team and reinforces total-quality values. In Phase Two, the management team internalizes the basic quality processes and tools in preparation for cascading them through the organization (Figure 4).

At the culmination of Phase Two, the management team:

- Understands and uses the basic quality processes—managers prepare to be mentors.
- Has an interim quality plan.
- Commits itself and the organization to the long-range total-quality journey (strategic quality planning).

Training

Training enables the management team to internalize key quality processes. Some management teams are already quite proficient in the basic processes. Others have had little or no preparation. Through an assessment of its training needs, the team identifies learning experiences that prepare the team for the journey. Training includes:

1. *Team or Individual Training.* Senior managers, in assessing their readiness for embarking on the organizational transformation journey, may determine that they need training either as a team or as individuals. Such training might include team building, benchmarking, facilitation skills, management-style awareness, statistical process control, planning, or other knowledge and skills. The consultant refers the team or individual managers to appropriate sources (commercial houses, educational organizations, reading programs, network/support groups, and so on). In some cases, the consultant delivers the appropriate training or development experience.

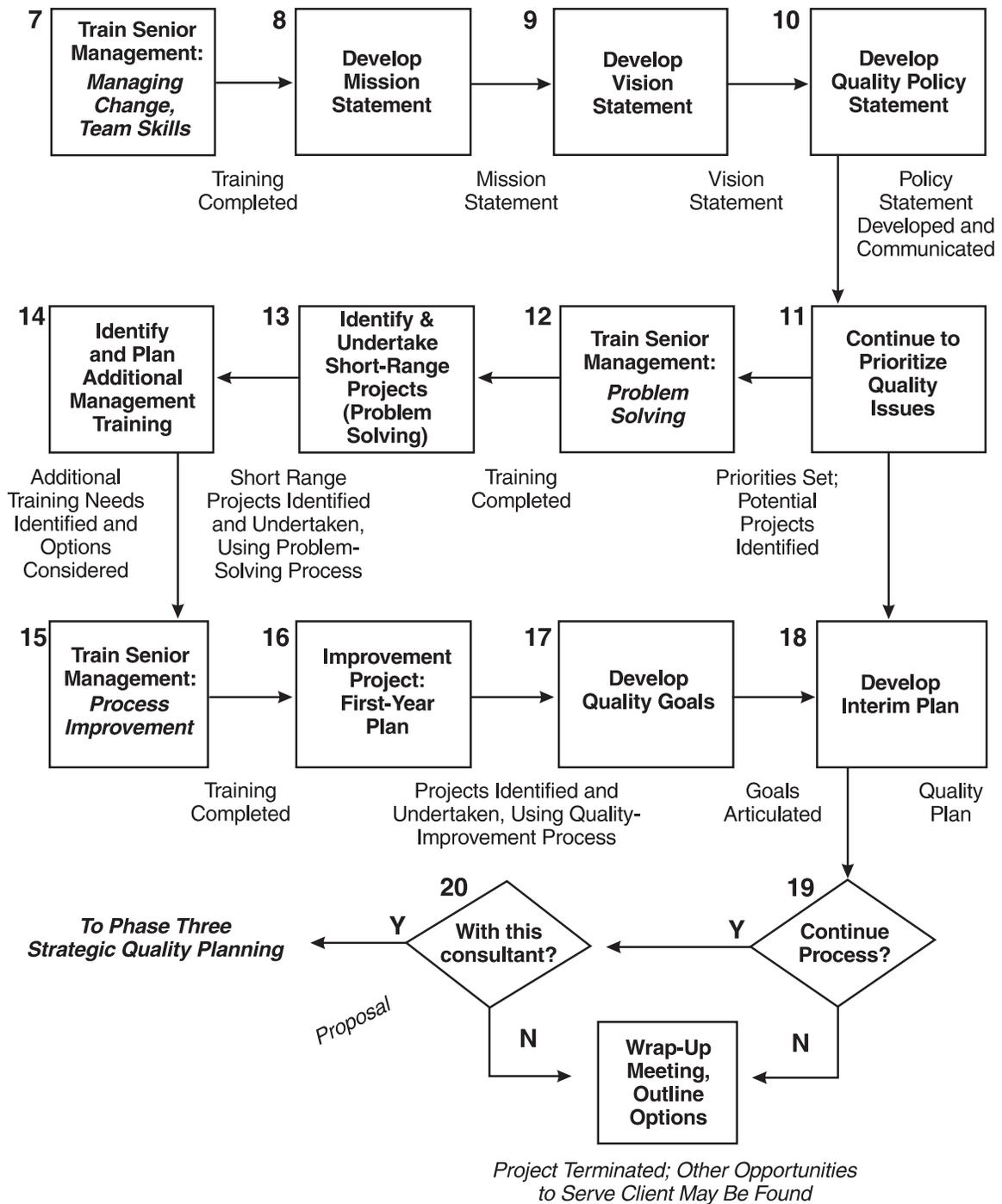


Figure 4. Phase Two: Preparation and Learning

2. *Quality Training.* As senior managers learn and internalize the basic quality processes, they become resident experts—champions and mentors of total quality. Eventually they facilitate the process with action teams, working with the quality consultant to cascade the processes through the organization (Figure 5). The consultant is key to helping the management team assess itself in the use of quality processes.

Quality training should be internalized by senior managers before action teams undertake improvement projects. By thoroughly learning the quality process skills through application, then teaching them to the next staff level, the management team cascades the skills through the organization.

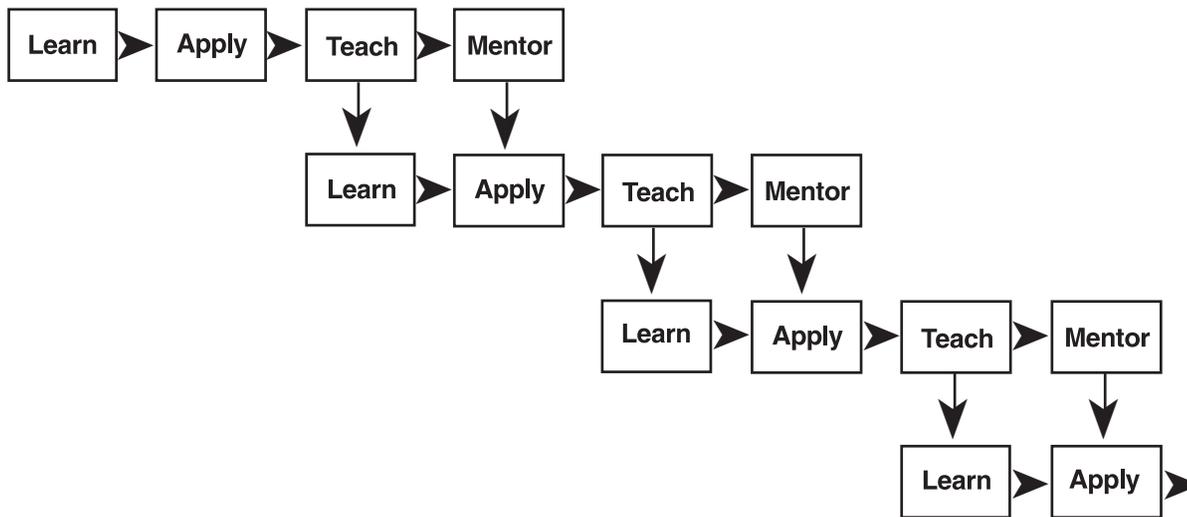


Figure 5. The Cascade Process

The Cascading Process

The cascading process varies. Relatively “flat” organizations may begin training action teams in essential quality skills early, accelerating the process. Senior managers, however, are still the role models, coaches, and mentors.

Although organizations are not transformed overnight, there are practical short-range payoffs to total quality efforts. If some more immediate benefit is not forthcoming, the organization may lose heart. The organization’s leadership balances commitment to strategic thinking with quality improvement projects. The relatively short-range projects reinforce quality skills, such as problem solving and process improvement.

Organizational leaders prepare themselves to become champions of total quality and mentors in the quality processes. They learn and habitually use the quality tools. They develop a total-quality mind-set. Eventually, the system becomes self-sustaining.

Outside consultants provide essential knowledge and skills and assist the organization in its learning. They also provide an objective view of what is going on in the organization.

For organizations with little experience in long-range planning, the interim (first-year) quality plan is an excellent learning vehicle. Strategic quality plans usually include cascading the quality processes and skills throughout the organization as a whole.

Phase Two is essentially an educational process. The training itself might be expected to take between six and ten days, depending on the management team's present level of expertise. Scheduling the training and assuring its proper application (train→apply→mentor→follow-up) could take a significant period of time—six months to a year, depending on readiness and willingness for change.

PHASE THREE: STRATEGIC QUALITY PLANNING

In Phase Three the senior management team plans for long-term organizational change (Figure 6). The team takes the strategic viewpoint in developing a plan that may span as long as five years and will be revised considerably as it unfolds. The eventual goal is to integrate total-quality concepts with organizational practices. The business plan and the quality plan become one.

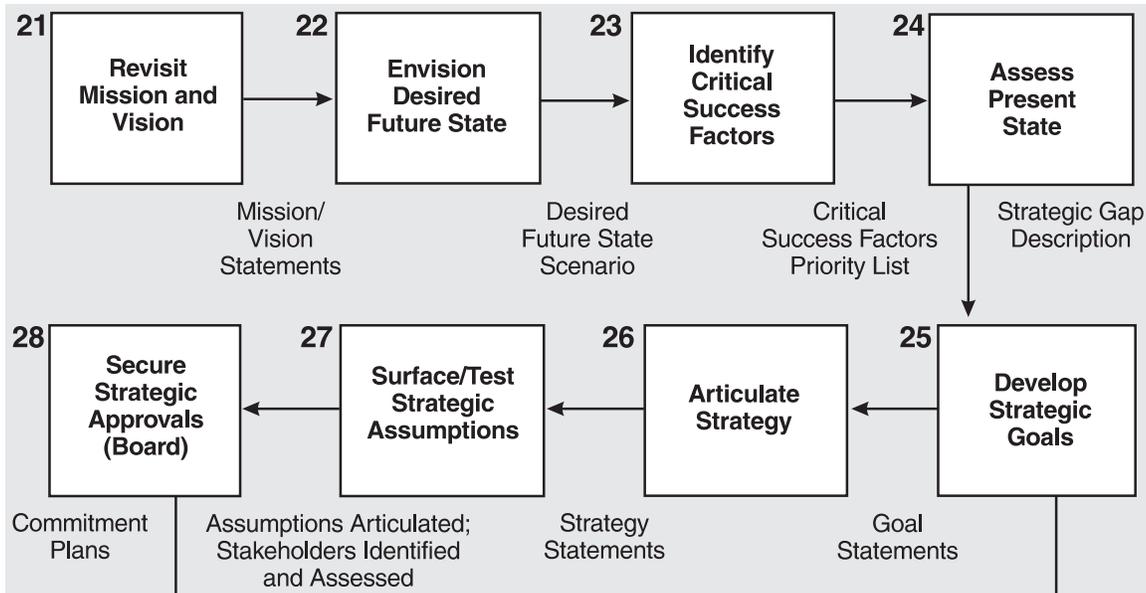
At the culmination of Phase Three, the management team:

- Continues to use and reinforce the basic quality processes.
- Has a five-year strategic quality plan.
- Continues commitment to the long-range total-quality journey, and develops commitment throughout the organization.

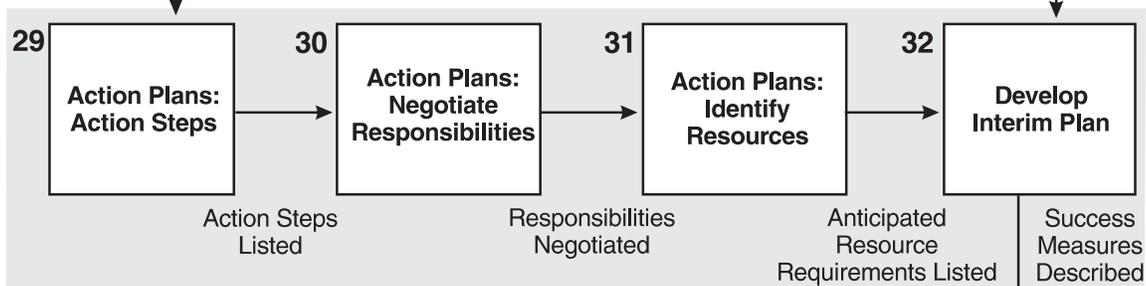
The planning process begins with mission and vision statements. These concise documents provide direction for organizational management. Mission, vision, and policy statements, developed and negotiated in Phase Two, now become the cornerstones of the long-range quality plan. The strategic planning process generally follows this sequence:

1. *Desired Future State.* Through the visioning process the management team develops a detailed description of the desired future state. This desired future statement, along with the vision statement, becomes a “star to steer by.” Developing the future scenario calls for creative thinking, a personal vision, and the extrapolation of key trends in the organization and its environment.
2. *Present-State Assessment.* A detailed assessment of the present state provides the base to define the journey. The assessment is based on a review of the Phase One self-assessment, reassessment of quality goals, strategic plans already in place, and feedback from customers and employees.

Strategic Planning Process: Senior Management Team



Action Planning Process: Departmental and Cross-Functional Teams



Contingency Planning Process

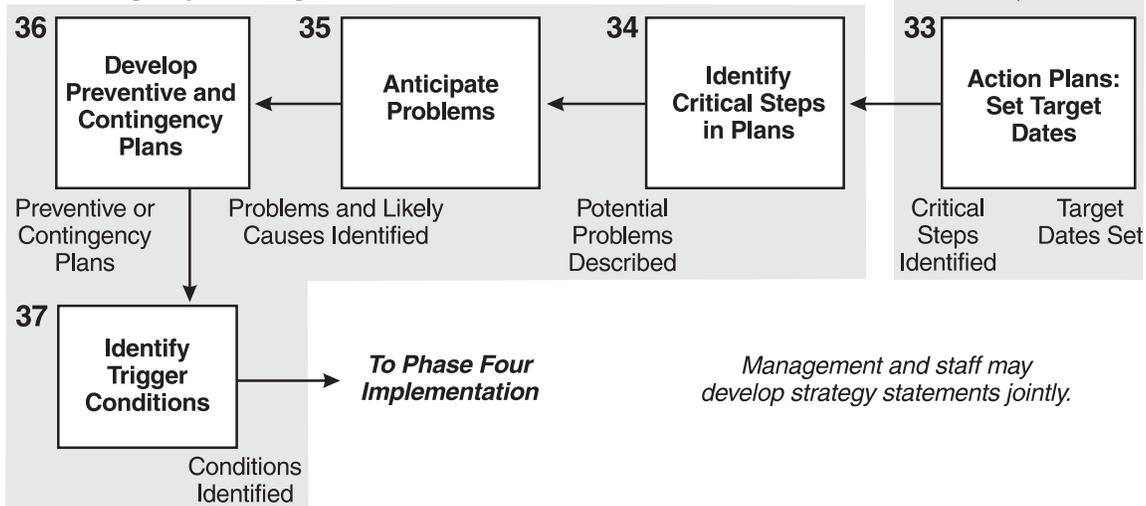


Figure 6. Phase Three: Strategic Quality Planning

3. *Planning the Transition.* The management team develops long-term goals and strategy and plans the necessary steps to achieve them. Transition planning also includes responsibility and commitment planning and surfacing/testing of assumptions. Depending on the organization's experience with long-range planning, the quality plan may be integrated with the business plan.

Strategic plans result in action plans, specific statements of how departmental and cross-functional teams will implement the strategic vision. Action plans include negotiated responsibilities, statements of resources needed, success measures, and target dates. The implementation teams review their action plans periodically. An important part of this planning is developing preventive and contingency plans to deal with potential problems that may jeopardize success.

Before action teams can become effectively involved, they must be trained in quality principles and skills. Either the management team members or an outside consultant may take the trainer role. A member of the senior management team, however, is present at each team training session, modeling behaviors, demonstrating commitment, establishing direction and boundaries, and providing process expertise.

Phase Three is essentially a planning process. The planning process may be done in four or five days. Some management teams may go on retreat for this purpose. Most teams, however, distribute planning meetings over four to twelve weeks. The effort may involve others, such as the board of directors, as the team considers organizational direction.

PHASE FOUR: IMPLEMENTATION

In Phase Four the management team implements the strategic quality plan, while continuing progress toward short-range quality objectives along the way (Figure 7).

At the culmination of Phase Four, the management team:

- Has achieved some of its initial quality goals for the organization.
- Has continuously assessed progress through review meetings.
- Continues commitment to the long-term total-quality journey and develops commitment throughout the organization.
- Has successfully cascaded training regarding quality principles and skills through the organization.

In the transition phase, the period between the present reality and the desired future state, the management team directs its energies toward enabling departmental and cross-functional action teams to bring about interim and long-range goals. The management team is involved in activities such as:

- Reviewing action plan progress

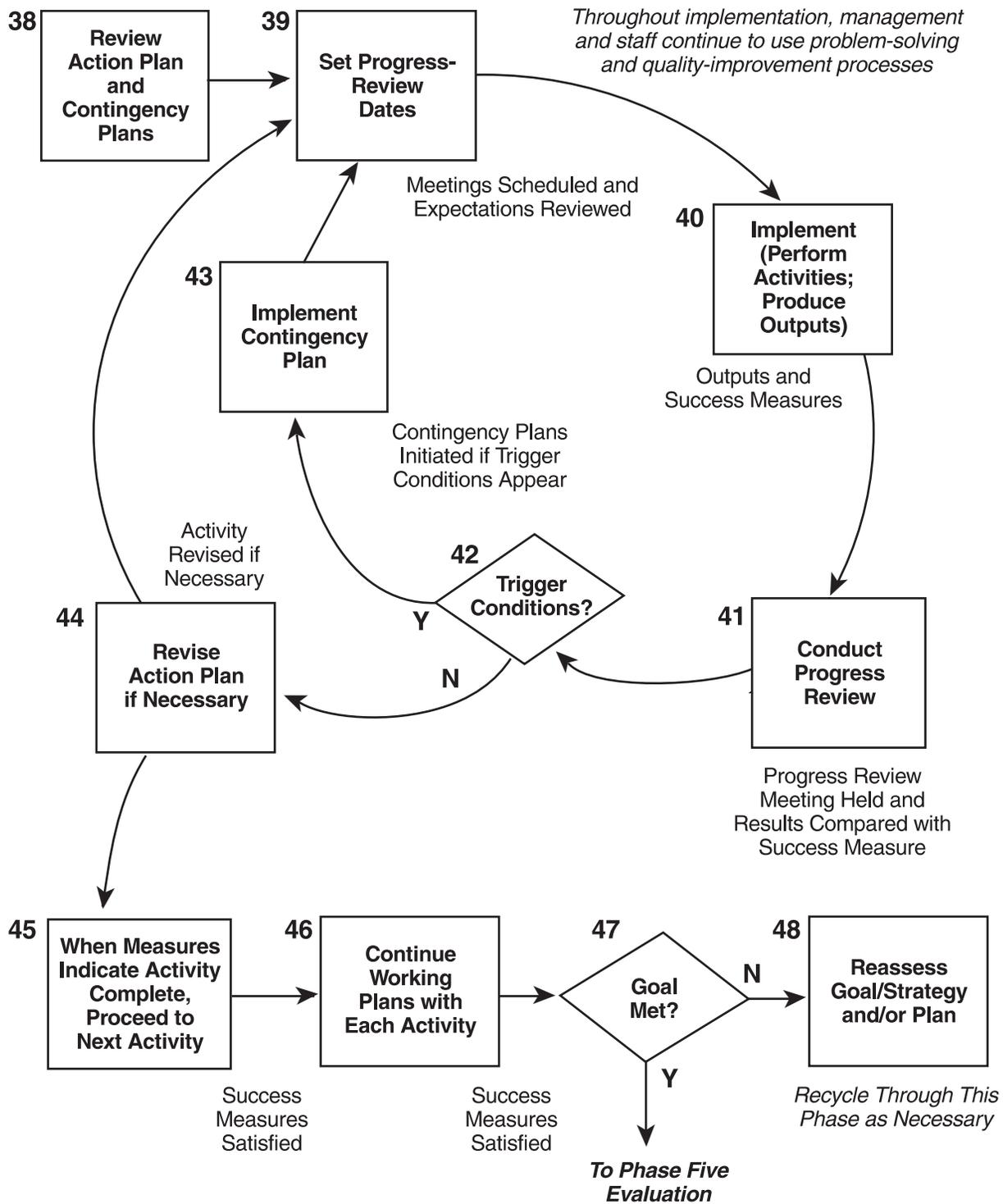


Figure 7. Phase Four: Implementation

- Building commitment
- Training
- Facilitating and coaching action teams in problem solving and quality improvement
- Changing reward systems
- Role modeling

Progress Reviews

An important part of implementation are periodic progress reviews. Plans not reviewed are worthless. Progress reviews focus on the output from each step in the action plans and the target dates. Although the action teams prepare their own review schedules, senior management monitors and supports the process. Teams review plans frequently, so they can address implementation issues while there is time to affect the outcomes. For the management team the questions are: Are we on track? If not, why not? What needs to be changed? Answers to these questions lead the team to appropriate action.

- *Progress as planned.* If progress toward quality goals is on plan, the management team and the action teams have done a fine job of assessing the situation and planning. They might ask, however, if they can do better—upgrade the goal.
- *Progress better than expected.* What has changed? The team may upgrade the goal or reallocate resources.
- *Progress less than expected.* What has changed? The team may reinforce the plan with additional time, effort, people or other resources, or goal expectations may need to be reduced. In some cases, environmental conditions may have made the goal and plan impractical. The team may abandon the goal or replan. Progress reviews take place through regularly scheduled meetings. Face-to-face reviews are more effective than casual phone calls. The coming together of a team enhances commitment and enthusiasm. The team needs to be clear about what results are expected at what point in time. The frequency of review depends on many factors, such as the experience of the team, confidence in the process, and changing environmental conditions.

Phase Four is essentially an execution and monitoring process. Timing depends on the complexity of the plans and the enthusiasm, willingness, and capability of the management team. Implementation is ongoing, as teams update and complete initial plans and develop new ones.

PHASE FIVE: EVALUATION

In Phase Five the management team evaluates progress toward strategic quality goals. Phase Five is not time bounded; it is a continuous process. As each goal is attained, management reassesses the organization in preparation for upgrading the strategic plan. The team begins recycling through the planning process as it evaluates the plan. The desired result of the process is the integration of the quality plan and the organization's strategic business plan. The organization considers total quality as a way of life as it establishes and consolidates the new culture.

Throughout Phase Five activities, the management team and action teams:

- Confirm that a goal has indeed been achieved.
- Examine the process of transition management.
- Feed back the results of the work into the strategic plan for upgrading and revision.

Evaluation is not something the management team does only at or near the end of a strategic plan. Rather, the team builds evaluation into the plan. The organization's leadership selects or develops measures of success so that progress toward the goal can be adequately determined all along the way.

Nevertheless, when a strategic goal is attained or abandoned, a more comprehensive evaluation is appropriate. Evaluation is more than answering the question "Did we achieve our goal?" Evaluation addresses (with the proverbial 20/20 hindsight) other issues: Was the goal appropriate? Was the strategy a wise one? Were the critical success factors and measures correctly analyzed and planned? Did we have the needed data? Was our plan realistic, yet challenging? What would we do differently? Were our customer requirements met? What must we continue monitoring?

The organization begins a higher-level self-assessment. Documentation of progress and processes in the new present state provides data for continuous improvement. Outside audits (customer audits, panels of visitors, or consultants) also provide insight into the effectiveness of planning and implementation efforts. These audits provide an invaluable view of the organization. Evaluation, like implementation, is essentially an ongoing process. Timing depends on the complexity of the plans and the enthusiasm, willingness, and capability of the management and staff. The process continues as initial plans are updated and completed and others take their place. By the time the management team is engaged in evaluation, the organization is beginning to consider planning, implementing, and evaluating for continuous improvement a continuous cycle.

PHASE SIX: CONTINUOUS IMPROVEMENT

In Phase Six the organization approaches subconscious competence: people internalize the concepts of total quality and integrate them into their daily work life. They put

principle into practice habitually. Total quality becomes a way of life—just the way things are done around here.

The keystone in Phase Six is customer obsession. Management and labor understand the expectations of their customers. The organization becomes a valued supplier. People take a collaborative approach within the organization and the larger community, facilitated by the quality processes.

The emphasis throughout the organization is not on catching and fixing problems, but on process improvement—preventing poor quality. Employees, empowered to make changes toward enhancing total quality, make decisions appropriate to their part in the total operation and take the initiative to assure continuous improvement. Further, they consider themselves and their department as part of the whole organization, taking a systems view of their work world. Teams and teamwork are the vehicles for continuous improvement. A shared responsibility and sense of cohesion elicit the best thinking from everyone.

Senior management still must lead the way. Managers ensure that the quality processes are being used correctly. They continue to be coaches, mentors, and role models for the new organizational culture. The organization by this time has a common language of quality. People use quality processes such as problem solving and the continuous-improvement cycle to enhance communication and efficiency.

Another aspect in this phase of the process is sharing. A total-quality organization advocates an openness in supporting other organizations in their journeys. Managers find themselves visiting or hosting their counterparts from other organizations, sharing process information and experiences about quality. Sharing expertise is a way of life.

Phase Six is really a continuation of the journey. Like the rest of the total-quality process, it is not bounded in time or scope. Planning, implementing, and evaluating phases become blended as the cyclic process matures. Even when an organization develops what it describes as a total-quality culture, the task is far from complete. By its very nature, the new culture welcomes change as it explores new ideas and new concepts. Change is still uncomfortable, and management must encourage continuous improvement. The question is not “Will the organization change?” It will. Management asks instead, “How is the organization changing, and how do we want it to change?”

SUMMARY

Planning and implementing total quality means changing the organization culture, a relatively long-range approach. Many organizations with the best of intentions falter because they lack a vision or a plan that helps them see and work toward a desired future. The map is not the territory, but a rendering of the terrain. The process model attempts to document one way of beginning the total quality journey and sustaining the effort until it becomes self-reinforcing. This model is certainly not the only route. It is, however, a tested approach, and one that carries a high probability of success.

Total quality is a journey, not a destination. The journey carries its own rewards. The organizations of the future will be total-quality organizations, because others will have no future.

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■ THE CONSULTANT'S SENSE OF URGENCY: STEADY-STATE VERSUS FRONT-LINE COMBAT OD

Arthur M. Freedman

Abstract: Toffler (1990) noted the need for companies to be able to operate differently in normal and crisis conditions. Similarly, organization development (OD) consultants must develop the capacity to “shift gears” in terms of how they provide assistance to these organizations. The author differentiated two types of OD consulting: steady-state (operational) OD and front-line (combat) OD.

Operational OD consulting is appropriate in stable conditions. In these situations, change is incremental or evolutionary, having limited impact on the existing work force. Operational OD consulting is process-oriented, responds to the needs of organization members, enables recipients to discover additional issues, and educates.

Front-line or combat OD is called for in crisis situations. Here, whether the conditions of ambiguity and uncertainty are caused by internal or external turbulence, change can be revolutionary. Front-line OD consulting is results-oriented, opportunity seeking, directive and prescriptive, and proactive.

Each situation requires different skills on the part of the consultant; hence the type of OD should be considered when selecting a consultant.

Toffler (1990) discusses the need for “second-wave” (industrial) organizations to develop a capacity to operate in either of two modes, depending on the circumstances, if they intend to survive and be effective in the turbulent 21st century as they compete with “third-wave” (information-based) companies. As he points out, “Business . . . needs different behavior during normal operations and in the midst of crisis But few [firms] train all their employees to operate in two contrasting modes” (Toffler, 1990, p. 193).

Many companies will continue to call on and rely on organization development (OD) consultants to provide assistance under either set of conditions. To respond appropriately and effectively, the OD consultants themselves must be proficient in “shifting gears” from “normal” to “crisis” conditions. They must also be effective in helping their client organizations and their members to shift gears. Toffler predicts, “. . . we can expect crises to crowd in on one another Each [crisis] brings enormous power shifts with it as scapegoats are blamed, new leaders arise, and others are discredited and replaced. But the increased likelihood of crisis in a period of revolutionary change suggests we will see crisis teams and two-faced organizations spread through the business world and become a regular part of the flex-firm of tomorrow” (Toffler, 1990, pp. 193-194).

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If Toffler is on target, it is essential that OD consultants have at least two gears from which they can shift, one to the other: one for “steady-state, operational (normal)” conditions and the second for “front-line, combat (crisis)” conditions.

STEADY-STATE, OPERATIONAL OD

Operational OD consulting is appropriate and most effective under relatively calm, steady-state organizational conditions; that is, when conditions are stable and predictable, there are few due-yesterday deadlines, and a low sense of urgency prevails. Steady-state conditions also mean that little change is taking place within the system, in its external environment, and among its significant suppliers and customers (i.e., the system’s stakeholders and constituents). Although change may have impacts on one intact work unit, other functional groups will be relatively unaffected by that change. Furthermore, whatever changes are taking place are either *incremental* or *evolutionary*.

“Incremental” change refers to relatively small additions to or modifications of existing elements of the organization. “Evolutionary” change refers to small-scale changes to existing elements of the organization. These additions, modifications, or changes might include improvements to elements such as the organization’s structure, management information systems, technology, or the diversity of its work force.

These additions, modifications, or changes would have limited impact on staffing, work activities, processes, and relationships within a single intact work unit (or among the members of a network of interdependent organizational units). They would be easily assimilated and added to employees’ existing responsibilities and probably would make an observable contribution to quality and productivity. Few sacrifices by employees would be required, and changes to the existing work-force composition would be only slight.

Operational OD consulting is (1) process oriented, (2) responsive to the felt needs and requirements of organizational members, (3) aimed at enabling recipients of OD services to discover additional issues by themselves, and (4) educative.

Process Oriented

Operational OD is process oriented, because it focuses on how people are performing their responsibilities in pursuit of their job objectives and unit goals. Operational OD consultants do not intervene on the subject matter of their client’s work, nor do they presume to be experts in the contents of that work; the work force is assumed to understand and to be sufficiently skilled to perform the required tasks, activities, and functions.

Responsive to Felt Needs

Operational OD consultants are responsive to requests for their services from individuals or units. The recipients of OD consultation services typically initiate the intervention

and specify any services that they feel they need. Operational OD consultants typically address these needs explicitly.

Aimed at Enabling Recipients

Simultaneously, operational OD consultants attempt to help clients to create conditions in which the clients can discover additional, related problems and opportunities to improve operations. This may be accomplished by introducing cultural norms that support the expression of skepticism and a spirit of inquiry. Clients are invited to consider, for example, how changes in their work can affect the operations of internal or external suppliers and customers. Once organizational members clarify and describe these discoveries and their implications and possibilities, they may make an informed decision to invest additional time and energy in addressing these emerging issues.

Educative

Operational OD is educative in the sense that the primary payoff is for the organizational members to acquire proficiency in the OD consultants' technologies (i.e., concepts, methods, and skills). In this manner, the OD consultant can work his or her way out of the job. Meanwhile, organizational members empower themselves to deal with similar issues in the future.

Most OD practitioners have been trained to function as “escorts” under steady-state organizational conditions. The organizational clients lead while the OD consultants help them make sense of and take control over the human and organizational dynamics that are discovered. Many have become conditioned to operate primarily, if not exclusively, in this operational mode. When an organization experiences a number of unique and undeniable demands that are created by multiple changes in its internal and external environments, the OD consultant may have to switch into a “second gear,” one that is more proactive than the gear with which he or she is familiar, proficient, and comfortable.

FRONT-LINE, COMBAT OD

Front-line, combat OD is (1) results oriented, (2) opportunity seeking, (3) directive and prescriptive, and (4) proactive. It is most appropriate and effective under the conditions of ambiguity and uncertainty caused by internal (self-generated) or external (imposed) environmental turbulence and chaos, where the stakes are high and time is a scarce resource.

Such conditions are unstable and unpredictable. There are many due-yesterday deadlines, and an extreme sense of urgency to complete many functions simultaneously prevails. Many major changes are taking place throughout the system—in its external environment and among its competitors, suppliers, and customers (i.e., the system's stakeholders and constituents). Furthermore, these changes are often revolutionary. Toffler (1971, 1981) refers to these upheavals as “sea-changes.” Vaill (1989) points out

that change of this magnitude is becoming the operational norm in most industries throughout the globe. The idea that change is a predictable, controllable temporary condition is a convenient illusion that offers less and less comfort. The disturbing reality is, as Vaill calls it, “permanent white water.”

“Revolutionary” change refers to large-scale changes that affect all parts and functions of the organization and its environment. These changes affect elements such as the organization’s financial strength, market, staffing patterns, work methods, technology, structure, operational systems, and cultural assumptions and patterns. Most, if not all, of the organization’s intact work units and the lateral transactions among them are affected. The changes multiply and quickly overload employees’ capacity to assimilate and cope with the increased volume and variety of their work demands. Most of the changes are urgent, and they are essential if the organization is to adjust and adapt to the new, unprecedented conditions. Employees will not have an option to decline or postpone the challenge of creating effective responses to these demands. Many sacrifices by employees and work units are required. Major changes to the existing work force’s composition and numbers are likely.

Front-line, combat OD consultants who function effectively in this mode usually have a considerable amount of in-depth experience with a large range of different companies in a variety of industries. They probably also have experience with companies that were confronted by crises, as well as those that were doing well but wanted to capitalize on opportunities to do better. The consultant who wants to succeed in this mode must have a broad, systemic orientation and a long-term, strategic perspective. He or she must be assertive, have a resilient ego, and have considerable self-confidence that is based on self-esteem. In addition, it is essential to operate with integrity in all things. Most of all, he or she must not succumb to the temptation to accept any invitation to make strategic or operational decisions for line management.

Results Oriented and Opportunity Seeking

Front-line, combat OD is results oriented because it focuses on *enabling* the individual, unit, department, plant, region, and product group to achieve the work results for which they will be held accountable. These results must be comprehensive and effective, at least in the short run. In the “fog of battle,” false starts, mistakes, or errors are inevitable and should be viewed by all parties as learning opportunities.

OD consultants may get involved, indirectly, in the content of the work itself. For example, the OD consultant may urge a unit’s members to involve specialized technical experts to assist them to deal with the content of their work. OD consultants are likely to assume that line managers and the work force may not understand, may not possess the skills for, and may not be proficient in the work patterns needed to learn and perform a multitude of unfamiliar tasks, activities, and functions—effectively and simultaneously—under crisis conditions.

Prescriptive and Directive

Operating in their front-line, combat mode, OD consultants try to direct the attention of organizational leaders and members to the complex, multifaceted network of interacting issues. They employ a prescriptive and directive (rather than an invitational) approach in addressing problems and opportunities to improve operations.

Proactive

Front-line, combat OD often requires consultants to be proactive and *illuminate* the demands confronting the organization, demands that unit members may not yet have recognized on their own. Instead of waiting for organizational members to discover an issue, OD consultants specify and define the existing or potential issues. They identify relevant goal options and action alternatives from which unit leaders and members might choose. They might confront unit members with the need to consider the consequences of any option for their significant stakeholders and constituents.

When the utility of applying a specific strategy or method is evident to the OD consultant but not to the client, he or she would describe and recommend it. Under crisis conditions, the OD consultant may urge unit members to consider the expediency of violating and cutting through the time-consuming and energy-draining organizational protocols, procedures, or politics that are expected under steady-state conditions. If the client lacks the skills, knowledge, or confidence to act on the recommendation, the OD consultant might function as the facilitator until line managers feel confident enough to reassume leadership. When significant supplier or customer groups and their needs, requirements, or conditions of work are ignored or overlooked, OD consultants take the initiative and bring these factors into sufficient prominence for unit members to incorporate them in their analyses, plans, and actions.

Front-line, combat OD consultants can be expected to exert influence in ways that they would not use under steady-state conditions. They are likely to push, prod, cajole, and coax unit leaders and members to decide and act in their own enlightened self-interest. Self-interest is assumed to be best served by making sure that every intact work unit's decisions and actions contribute to the realization of the larger organization's vision and mission while, simultaneously, enhancing the interests of the unit's suppliers, customers, leaders and members.

The educative function that is an essential element of steady-state OD consultation may be sacrificed or delayed. Rather than an ongoing parallel process, the collecting, organizing, and archiving of lessons learned are likely to *follow* the corrective or preventive actions through which necessary, targeted results are achieved.

It is legitimate for managers who are screening prospective OD consultants to seek answers to the following questions:

- Does the prospective consultant have a track record indicating an ability to shift gears as conditions require?

- Does the consultant demonstrate that he or she has sufficient judgment to know when to shift gears?
- Does the consultant's preferred pace match the organization's current or anticipated condition?

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■ POSITIVE, VISION-BASED PLANNING: LINKING VISION TO ACTION

Linne Bourget

Abstract: This article presents a positive planning process that offers a number of advantages over more traditional approaches. This process:

- Creates a positive, collaborative environment in which a planning team can focus on desired outcomes;
- Moves quickly and is practical, yet provides room for discussion of issues;
- Works well for either rapid or moderate business growth and change;
- Has a unifying effect rather than a dividing effect on the members of a planning team;
- Minimizes conflicts and adversarial dynamics;
- Helps an organization regroup after downsizing or other traumatic events;
- Provides a focus on the human elements of change as well as the business elements; and
- Offers a more enjoyable and encouraging approach than problem-based planning methods.

Traditional approaches to organizational planning often involve participants' ventilating about their problems as a first step. Although this ventilating technique may lead to some much-needed catharsis, it can also result in an atmosphere of negativity that permeates the entire planning process.

Planning is hard work, and the only way to get through that hard work successfully is to be armed with sufficient energy and a positive attitude. Consequently, starting the process with ventilating about problems may be counterproductive.

Instead, a leadership team needs to adopt a planning approach that shifts the focus from problems (where the organization has been) to the future (where the organization is heading). It is, in fact, possible to help an organization's leadership team develop an excitement about the future—and to help ease the pain of traumatic events such as downsizing or a merger.

This article presents a planning approach inspired by my early consulting work, which was grounded in positive communications. In those days I watched teams strengthen themselves and deal with planning and problems much more quickly and effectively when they focused first on the positives rather than on the negatives. Although this approach runs counter to the philosophy that emphasizes ventilating first, I saw it work better time after time. Consequently, I developed a positive approach focused on creating an organizational vision that acts as guidance and support for a leadership team.

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The benefits of positive, vision-based planning that have been experienced by leadership teams are as follows:

- The creation of a vision that acts as guidance and support for the leadership team;
- A solid understanding of the team's vision and its success measures;
- Recognition of successes as well as improvement needs;
- A focus on possible gains;
- Quick clarification of desired outcomes;
- The creation of specific action items linked to vision;
- The adoption of a problem-solving structure that shifts the emphasis from the destructive effects of the problem to the constructive focus of the team's vision; and
- A unifying effect not only within a leadership team but also between a leadership team and other organizational groups.

HOW TO LEAD A MANAGEMENT TEAM THROUGH VISION-BASED PLANNING

As mentioned previously, this sequence of steps involves discussing positive issues before problems. For this approach to be effective and the outcome to be positive, it is essential that the following steps be taken in the order presented.

Step 1: Creating the Overall Vision Statement

The first step consists of creating a vision statement. The team may create its statement "from scratch" (without any pre-existing materials), or the leader of the team or someone else may bring a draft to the session. The vision statement should include the following elements:

- Business, task, and financial issues;
- External relationships with customers, suppliers, and partners; and
- Internal relationships (those within the organization) that support tasks and customers.

These three elements are useful because they are few in number and cover the basics. Also, most organizations, left to their own devices, tend to shortchange the element of internal relationships; thus, it is helpful to include it in the vision statement.

Some organizations choose to add elements. As long as the three listed above are covered in some way, clients may include other elements that they can relate to rather than ones suggested by the consultant. After the team members have agreed on elements, they proceed to creating a vision statement that they can agree on.

A question that sometimes arises is the difference between vision and mission statements. These terms are often used interchangeably, causing some confusion, but there is a difference. A mission statement defines the business that the organization is in; a vision statement goes beyond the mission statement to describe the level of excellence or quality to which the organization aspires.

The following is an example of a mission statement:

We rent, sell, and maintain cars.

In contrast, here is an example of a vision statement:

We strive to be the number-one car-rental company in the world and to maintain excellent relationships with customers, suppliers, and partners. Our employees are valued team members and are proud to work with us.

Step 2: Creating Success Measures

During Step 2 each of the major elements that appears in the vision statement is listed (business, task, and financial issues; external relationships; internal relationships; and any other elements that the leadership team has included), and corresponding success measures are developed for each. The number of success measures should be sufficient to create a vivid picture of the results that will occur if the team's vision is achieved.

Success measures are either observable or quantifiable and are always stated in positive terms (as if already achieved). Sample success measures are as follows:

- Our products are received, used, and respected by clients as world-class science.
- Other divisions come to us first for division-level consultation and problem solving.
- We are increasing profitability by 10 percent this year.

If the consultant is not sure whether a success measure is specific enough to observe or quantify, he or she should ask the team members to make this determination. The level of specificity needed for clarity, particularly for the observable success measures, varies widely among teams. If a measure is clear to the members of the leadership team involved, it is acceptable.

The advantages of success measures are as follows:

- They link planning at all levels, from strategic planning, accomplished by top management, to implementation, accomplished by employees.
- They provide quality assurance and control for implementation planning and ensuing action, to ensure that both reflect the strategic plan.
- They provide up-front direction and course correction for quality-improvement efforts.
- They focus teams on success and desired outcomes rather than on problems.
- They provide a specific picture of what a realized vision would look like.

- They help bring people together rather than create distance between them.
- They provide a common, positive focus for working together across group or unit boundaries.

Step 3: Assessing the Current Organizational State

During the third step the team looks at what is going well and what needs to change with regard to the elements of the vision statement and the success measures. The successes and areas for improvement are examined separately:

- The consultant allows the team members enough time to contemplate what is going well and to specify current areas of success. Often the team members are eager to leap to problems, but the consultant should encourage them to discuss accomplishments thoroughly, as this discussion is an important prerequisite for identifying what needs improvement.
- After areas of success have been specified and discussed, the consultant invites the team members to move to a consideration of what needs improvement in the organization. Because the team is building on the positive foundation established during the previous discussions, this discussion can be a constructive and collaborative event despite the fact that it concerns problems. The consultant should monitor the discussion carefully to ensure that the team members do not prematurely embark on establishing action steps. Also, it may be necessary to discourage blaming.

Step 4: Specifying Action Steps

The fourth step consists of developing actions to narrow the gap between the current organizational state (what needs improvement) and the desired organizational state (the success measures established for the elements of the vision statement). The team members set priorities and agree on initial action steps that will move the organization toward the vision. Actions may be addressed concurrently in the areas of business, task, and financial issues; external relationships; and internal relationships.

If achieving the vision requires extensive changes in organizational culture, the team should take an incremental approach to action steps and should establish a strong foundation for the planning effort by working through the issues surfaced in Steps 1 through 3. Otherwise, too much change may be undertaken too rapidly, leading to failure. The team members should be encouraged to temper their urge to rush through changes with an examination of the probable outcomes of proposed actions.

Following Up: Next Steps

The vision statement is reproduced and distributed to all team members for review and comment as needed. Then another meeting is held to clarify and resolve questions and to

finalize commitment to the vision. If necessary, continue meeting until commitment is clearly evident.

Any subsequent action planning required is accomplished, and the team members check their proposed actions against all relevant success measures.

FACILITATION ISSUES

Presenting a Visual Layout for the Planning Process

Figure 1 presents a template that helps a planning team visualize the planning process. The consultant may wish to reproduce this figure on newsprint and post the newsprint prominently in the room in which the planning session is held so that the team members are continually aware of where they are in the process.

Business, Task, Financial Issues	External Relationships	Internal Relationships
1. <i>Vision Statement</i> : Written in one to a few sentences that incorporate all three of the above elements. (Other elements may be included if the team wishes.)		
2. <i>Success Measures</i> : Listed separately as one sentence each, with at least one measure for each element.		
3. <i>Assessment of Current State</i> : Listed as sentences or bulleted items: (1) what is going well and (2) what needs improvement.		
4. <i>Action Steps</i> : Listed as sentences or bulleted items specifying <i>who</i> will do <i>what</i> and by <i>when</i> . Necessary resources (materials needed, people who should be consulted may also be recorded.		

Figure 1. Template of Vision-Based Planning

Logistics

If possible, all team members should meet in the same room at the same time, especially for the first time they use vision-based planning. Information should be recorded on a newsprint flip chart and posted in such a way that all team members can view it. Using this approach ensures that every team member is exposed to the same set of notes.

Whoever serves as the scribe or recorder should be adept at capturing the team members' and the consultant's words quickly and accurately. This person may be either the consultant or a team member, as long as the member can participate in the process at the same time.

Tips for Succeeding with Vision-Based Planning

The following suggestions may be helpful to the consultant who conducts vision-based planning with a leadership team:

1. *Make sure that you have the appropriate consulting experience.* This planning approach assumes not only consulting experience but also the ability to see and understand broader system implications of both the content and the process of the team's discussions. The ability to see beyond the immediate topic is particularly important in that planning tends to surface key issues and problems in leadership teams.

Guiding discussions of what is going well, what needs improvement, and specifically what needs to be done is a basic skill needed for any planning process, including this one. Also, preparing clients for the planning session, getting buy-in from the highest levels involved in the process, and clarifying roles and expectations are additional consulting skills needed.

2. *Make sure that you have the necessary experience in group facilitation.* Good facilitation skills are a prerequisite for using this approach. The consultant must keep things moving, ensure that issues are dealt with in a constructive way, and keep the team on track.

3. *Be flexible, but conduct the process steps in order.* Balancing flexibility with keeping the integrity and sequence of this planning approach is necessary for success.

4. *Maintain a consistently positive focus.* Keep the team focused on positive issues long enough to create a positive climate for the entire process before beginning to discuss problems. Taking enough time to discuss the vision and success measures first, before problems are placed in the limelight, requires self-discipline on the part of the consultant as well as the team members.

In addition, a positive discussion about the vision and the success measures has a unifying effect on the team members as they see the common elements in their desired outcomes. Also, the positive environment minimizes the dynamics of blaming and antagonism when the team members discuss improvements needed in the organization. Finally, creating a positive climate raises the team members' hopes and expectations for themselves and the organization.

Participant Questions and Answers

The questions that team members usually ask relate primarily to changing from the traditional problem focus to a vision focus. Following are common questions and suggested ways to handle these questions:

1. *Will we be able to devise success measures?* Without exception, every team that I have led through this process has been able to generate success measures. In fact, often the list of measures has needed to be shortened. Generally, the members know what they want and simply need permission to voice their desires.

2. *How can we express success measures in positive terms?* Often the team members are so accustomed to thinking in terms of problems that it is easier for them to express what they want in negative terms.

As this issue has to do with cultural conditioning, the consultant should explain that nearly every leadership team has to change some thinking and speaking habits in order to focus on the positive. Subsequently, the consultant should provide a few examples of success measures phrased in positive terms and should assist the members in rephrasing without becoming directly involved in content issues.

For example, the team members may be working with the following item: “Information from customer service comes too late to change our marketing efforts.” The consultant may provide an example of the same situation stated in positive terms, as if the desired situation already exists: “We receive information from customer service in plenty of time to make necessary changes in marketing efforts.”

3. *What is the difference between a goal and a success measure?* The consultant should explain that a goal refers to a target, whereas a success measure is an indicator of what success looks like when that target has been reached. Unlike goals, success measures always consist of measurable or observable elements. It may be helpful for the consultant to explain that the vision statement presents broad, general statements of aspiration, whereas success measures present specific indicators of success in achieving the vision.

4. *What if we are unable to agree on a vision?* Although it is best to start the process of vision-based planning with the vision itself, there may be times when the team members cannot agree on a vision. In this case the consultant should encourage the members to devise success measures first and then compose the vision statement.

This alternative procedure is especially useful when a leadership team has several “left-brained” members, as it helps these members to progress from specifics to the “big picture.” It also highlights agreements and disagreements among members in specific terms, thereby helping the members to clarify issues earlier. The consultant should concentrate on keeping a positive focus during this discussion so that agreements and disagreements can be surfaced readily, leading quickly to the vision work.

5. *How many success measures should we have?* A typical number is twenty (six or seven each for the business, task and financial issues; the external relationships; and the internal relationships), but this number varies widely depending on the complexity of the organization. If the team members feel that more than twenty are necessary for appropriately guiding the organization, then the consultant should encourage them to devise as many as they believe they should have.

Another approach is to devise a core list to guide top management and then ask each division or department to create its own success measures, which are subject to the approval of top management. The important point is to meet the needs of the client organization.

6. *How can we share success measures with the rest of the organization?* Each leadership team needs to figure out how to share the products of its vision-based planning with the rest of the organization.

Some leadership teams prefer to share from the bottom up, starting with the front-line workers; some prefer sharing from the top down, starting with the level of management next to the top. Some prefer to share success measures having to do with urgent needs first; some prefer to start with new ventures. There is no one “best” way; instead, the approach selected must fit the client organization’s culture.

The Uses of Vision-Based Planning

Vision-based planning is especially appropriate for clients who:

- Are in a hurry for results;
- Have a practical focus and want a practical plan;
- Have difficulty moving from an abstract vision or mission statement to implementation (need help in linking a vision to action);
- Are faced with changes at different levels; and
- Want an approach that unifies rather than divides the members of the leadership team.

I have used this approach for strategic planning; implementation planning based on strategic plans; task and project planning; and planning for changes such as reorganizations, cross-functional or intergroup linkages, and relationships with customers. Other applications have included planning for marketing, refocusing information systems, and planning for research and development.

Vision-based planning has also been very useful in focusing total quality management (TQM) efforts to save time often spent floundering in the early stages or to link TQM to strategic plans. In my organizational-healing work, it has provided a positive focus for rebuilding and for working through conflicts and difficulties in a collaborative, encouraging way.

Another application involves working jointly with internal or external customers to clarify expectations, intergroup-communication needs, and the characteristics of effective working relationships. The positive focus minimizes the antagonism that often occurs when two or more groups with different roles join forces to resolve issues or to plan improvements.

Although the best use of vision-based planning is before a change that is potentially traumatic, in many organizations the need to respond quickly to environmental changes often precludes planning. Even after a traumatic change, vision-based planning can give organizational members hope about the future and the energy to face what lies ahead.

■ DEVELOPING MORE CREATIVE ORGANIZATIONS: A MODEL FOR CONSULTANTS

Eva Sonesh-Kedar and John Geirland

Abstract: In this article, the authors describe some simple but powerful techniques for helping individuals, groups, and organizations to be more creative and imaginative. The article begins by presenting some of the dynamics of creativity and innovation, using a metaphor of “brake pedals” and “gas pedals” in an automobile.

“Brake pedals” are factors that inhibit creativity; “gas pedals” are incentives toward creativity. This illustrates the twin challenges to enhancing creativity: unless the brake pedals are released, it does not matter how much the gas pedal is applied. Similarly, releasing the brake pedal alone will not cause forward motion unless the gas pedal is applied.

In a hypothetical case study of SpecterSoft, the authors outline the roles that a consultant plays in an organization’s quest for increased creativity. They describe how to conduct a creativity scan, an analysis of the creative environment, and action planning for fostering creativity.

A recent survey (Sonesh-Kedar, 1991) of R&D (research and development) people in successful high-technology companies indicated that almost half the employees spent less than 40 percent of their working hours being creative; over half believed they were using less than 40 percent of their creative potential; and 68 percent said they wanted to be more creative on the job. If such a large proportion of people feel uncreative in a field like high technology, one would wonder what the case would be in other industries. Given that creativity and innovation are the life blood of so many businesses, consultants and managers need to know how to increase opportunities among employees for using imagination and creativity.

THE DYNAMICS OF CREATIVITY

Before discussing how to enhance creativity in the workplace, this article presents some of the dynamics of creativity and innovation. Organizational innovation involves a high degree of interdependence between the creative individual and his or her work environment. This perspective holds that creativity originates in the individual but only flourishes when nurtured and supported by the organization (Sethia, 1989).

Recognizing this interdependence, some firms attempt to instill a spirit of entrepreneurship in order to foster creative behavior. However, the climate in many corporations is not very entrepreneurial. On the contrary, the typical corporate culture favors conservatism in thought and action and minimizes risk taking—values that are antithetical to entrepreneurship.

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Nurturing creativity at work requires supervisors, managers, and team members to provide a great deal of encouragement for new thinking while exhibiting a tolerance for mistakes. The creative process is in many ways deeply personal, involving psychological elements such as pride, honor, trust, and self-actualization. Employees' creative behavior can be extrinsically and/or intrinsically motivated. Extrinsic motivation emphasizes the value an individual places on the ends of an action. Extrinsic reward systems are mainly tangible rewards (e.g., salary, perks) obtained from external sources. Intrinsic motivation refers to the pleasure or the personal fulfillment gained from the activity itself. Intrinsic rewards include feelings of achievement, freedom, and engagement in the creative process (Staw, 1978).

Unfortunately, these psychological elements are often ignored or underappreciated. Most organizations seem to give little thought to the subject of creativity. Rarely is the effort made to understand or control the factors that influence creativity. The factors that influence creativity operate on many levels—the individual, group, organization, and environment. This article, therefore, seeks to provide consultants, managers, and organizational leaders with the tools for understanding creativity as a systemic phenomenon. The next section describes a simple model for identifying the most salient of these factors for a particular organizational setting.

Gas Pedals and Brake Pedals

The model can be succinctly described through a “gas-pedal/brake-pedal” metaphor. Imagine a driver at a stop sign, idling the engine before attempting to climb a steep hill. To arrive at the top of the hill, the driver must take his or her foot off the brake and place it on the accelerator. If that hill is a metaphor for a challenge facing a company, the gas pedal fuels the employees' creative energies, and the brake represents those conditions that block or impede creativity. Most organizations, if they make any effort at all, adopt one of two strategies: Either (1) they try to take the foot off the brake (remove impediments to creativity), or (2) they slam the foot on the gas (provide incentives to stimulate creativity). Releasing the brake will not move the car up the hill. Neither will slamming down on the accelerator while the other foot is on the brake. This method may even burn up the car. Few managers combine both strategies.

An example may be helpful here. An organization with a fast production cycle found itself constantly facing short deadlines and high pressure. Management considered meeting deadlines to be vitally important to the firm's success. As a consequence, employees learned to value meeting deadlines over creativity or innovation. Eventually, management realized that overemphasizing deadlines was a short-sighted strategy, one that would endanger the firm's future survival. Changes were made that eased some of the deadline pressure, providing staff with more time and flexibility in their jobs. These changes were helpful, but were not enough to produce the desired level of creativity. A consultant was brought in to help management take a closer look. Subsequent work by the consultant indicated that most employees did not see the larger relevance of their work, and therefore were not excited about what they were doing. The consultant

worked with management to produce a series of presentations and videos that illustrated the social benefits of the company's products. Shortly thereafter, the volume of truly creative ideas increased dramatically.

This vignette illustrates the point that the level of creativity observed in an organization is an outcome of two separate processes or forces: those that stimulate creative thinking and those that present obstacles to creativity. Simply removing an obstacle to creativity (in this case, time pressures) was not enough; stimulants (e.g., intrinsic incentives) were also needed.

CREATIVITY SCAN

To develop a strategy of adding stimulants and removing obstacles to creativity, the consultant needs to identify what those factors are for a particular work group, department, or organization. Although some stimulants and obstacles are common to most work environments, others are unique to a particular situation and spring from the characteristics of the following:

- Employees (e.g., personality factors, past work history, work styles, and abilities);
- Work groups (e.g., size, composition, knowledge, and cohesiveness);
- Organization (e.g., corporate culture, reward systems, and structure); and
- Industry (e.g., young/mature, length of development cycle, and customer characteristics).

To obtain all this information, an excellent approach is the "creativity scan." The methods for conducting such a scan are described below.

Interviews

Start with interviews. Select two or three people from the team or department and conduct one- to two-hour open-ended interviews with each, individually. The purpose of these interviews is to gain an understanding of what employees do each day pertaining to creativity. Preface these interviews by stating that the information they provide will remain confidential. Although employees may feel comfortable providing answers, many people approach interviews with trepidation. Making the interviews confidential will provide a more relaxed situation. Typical interview items would include the following:

- Select a day when you felt very creative. Visualize what you were doing that day. Walk me through the day and tell me what you did, with whom you interacted, and how you felt.
- Select a day when you felt very uncreative. Visualize that day. Walk me through the day and tell me what you did, with whom you interacted, and how you felt.

Focus Groups

Conduct focus group(s). A focus group is a useful tool for getting at the deeper dynamics and issues that affect creativity in the workplace. A focus group is more than a type of group interview. Unlike the one-on-one interview, participants can bounce ideas off one another, stimulate one another's thinking, and very often arrive at deeper insights and observations. Use information from the interviews to structure and refine the questions for the focus group.

A focus group typically runs one-and-one-half to two hours in length, with one facilitator and one co-facilitator. The facilitator leads the group through the questions, keeps the discussion on track, summarizes what is said on a flip chart, ensures that everyone has a chance to speak, and makes sure the session ends on time. The co-facilitator listens and takes notes, asking clarifying questions and otherwise assisting the facilitator.

Surveys

Administer surveys. One method for supplementing interview and focus-group data is to use a survey. Interview and focus-group findings can be time consuming to organize and decipher. Survey data is more easily quantifiable, and various factors in the work environment can be compared and contrasted more precisely. Surveys can be used to explore perceptions of the effectiveness of reward systems and to assess organizational practices that impact on creativity. For instance, the survey can ask all participants, "Which is more rewarding to you, a flexible work schedule or published recognition for individual or team contributions?"

Additional Interviews

Conduct interviews with other key players (in and outside the organization). During the creativity scan, questions may arise regarding customers, the company's mission, incentive programs, employee policies, or other matters. The consultant may wish to interview certain key informants or players who can answer these questions or who have a unique perspective on the organization (e.g., company founders, compensation-department personnel, or customers).

ANALYSIS OF THE CREATIVE ENVIRONMENT

Now that the creativity scan is complete, it is time to make sense of the information that has been collected. Using the model described above, create two lists: stimulants to creativity and obstacles to creativity. The consultant may wish to make a distinction between those factors that are controllable and those that are outside the control of participants or management. Making this distinction can be helpful later when action plans are being developed, ensuring that time and energy are spent productively.

Once the data from all these sources have been organized, a picture emerges of the organization as a creative system—identifying stimulants and obstacles at the individual, group, organizational, and environmental levels. The next phase involves developing action plans to reinforce the stimulants and remove or minimize the obstacles to creativity.

ACTION PLANNING

The creativity scan and the list of stimulants and obstacles identified by it provide guidance for developing action plans aimed at creating an organizational system that supports and sustains creativity and innovation. Very likely action plans will focus on things like reward systems, communication, how the work is structured, and training.

Action planning begins with a brainstorming session with the consultant and the team. The purpose of brainstorming is to produce as many ideas as possible without evaluating them. Evaluation comes later.

Once the group has a list of proposals, each is reviewed by using the following criteria:

- To what extent will the proposal actually enhance creativity?
- How costly is the proposal?
- What level of authority is required to implement it?

Working through the list, the consultant and team weed out proposals until a set of practical, doable action items is obtained. The consultant and team strive to achieve a balance between action items that are stimulants to creativity (“gas pedals”) and action items that remove or minimize obstacles to creativity (“brake pedals”). The selected proposals are formalized by identifying the concrete steps required to implement them. Responsibility for implementing action steps is assigned to people, along with time frames and due dates. Just as importantly, criteria for success are established, along with a future date for evaluating the activity.

CASE STUDY

The following case study, a composite based on the authors’ experiences with a number of organizations, provides an example of how a creativity scan and action planning might be performed. This case study can be usefully employed as part of a lecturette on the dynamics of creativity.

Chris Benedetti, the chief executive officer of SpecterSoft, a small but growing telecommunications firm, was worried about his company. An outside observer would wonder why, inasmuch as SpecterSoft was performing well. “ComLeader,” the company’s main product, was highly regarded by customers; being the first product of its kind, ComLeader had captured a significant market share. Despite all that, Chris knew that the high-tech industry was very unforgiving and that what is new today could

be obsolete tomorrow. SpecterSoft's survival, therefore, depended on a steady stream of new concepts, solutions, and products. Creativity and innovation were essential for continued success in the turbulent world of high technology.

As it turned out, Chris's concerns were well founded in this regard. Since ComLeader's initial success, the R&D team at SpecterSoft had been unable to come up with similarly successful products. Two recently developed products were not well accepted in the market and were actually losing money for the company. ComLeader was still a money maker, but Chris wondered for how long. All it would take to destroy the business would be for a larger, resource-rich competitor to move aggressively into SpecterSoft's market niche with a newer, less-expensive alternative. Chris was convinced that SpecterSoft's R&D team could produce innovative and successful new products if their creativity could be unleashed. The question was how to unleash it.

History

SpecterSoft was founded five years ago by Chris and a colleague, Kelly Mason. Eventually Robin Morgan, a venture capitalist, was also brought on board, so that the three each owned a third of the equity in the company. SpecterSoft had some sixty employees and was constantly growing. Before becoming a high-technology executive, Chris had been an industrial designer—a background that was reflected in Chris's emphasis on providing a pleasant and functional physical work environment for the staff. On the other hand, Kelly Mason had had a significant influence on the development of the company's reporting structure, which included more levels of control and supervision than is usually found in a high-technology firm of SpecterSoft's size.

Corporate Culture

SpecterSoft had a unique culture that reflected the personalities of the three principal partners. Chris was the entrepreneurial spirit of the firm, the partner whose vision provided the direction and focus for the company. Sometimes, however, Chris's emphasis on the big picture came at the expense of detail, planning, and stability. Chris's entrepreneurship meant having to respond very quickly to opportunities as they appeared—usually with limited lead time. As a result, the stress level was often high at SpecterSoft, although Chris helped to defuse the tension by placing a high value on humor.

Kelly Mason, on the other hand, was a highly organized and efficient manager who sometimes focused so closely on the details that the bigger picture was lost. Kelly's influence created a culture in which a great deal of effort and energy was expended on developing rules and procedures, with human resource issues—like selection and development of staff—receiving insufficient attention. Kelly also believed that most meetings were a waste of time and that the various departments would operate more efficiently if they interacted with one another as little as possible. Kelly's policies and procedures manual dictated that employees “must arrive at work by 8:30 a.m. and

cannot leave before 5:00 p.m. without the permission of the department manager. Employees also have a thirty-minute lunch period and two ten-minute breaks, one in the morning and one in the afternoon.” This rigid emphasis on working hours ran counter to most employees’ experience in the industry, where people typically work more flexible hours and often work longer than the required eight hours. When Kelly published the policies and procedures manual, many employees, some of whom regularly worked till 7:00 p.m., started leaving precisely at 5:00 p.m. The rigid hours also caused problems when people were asked to stay late to meet deadlines.

Robin Morgan’s attitude toward business differed from Chris’s and Kelly’s, and Robin therefore had an entirely different influence on SpecterSoft’s emerging corporate culture. Robin was cautious and conservative and resisted any ideas or proposals that were outside the mainstream or that seemed overly risky. For instance, Robin had been opposed to opening a sales office in South America (SpecterSoft’s competitors did not have one there), even though Chris and Kelly claimed that there was a large, untapped market in Latin America. Robin’s basic conservatism rubbed off on many managers in the company; as a result, people were reluctant to share new ideas for fear of being labeled a “crazed tech-head.”

SpecterSoft’s Creativity Scan

Wisely recognizing that enhancing creative and innovative thinking was essential to the firm’s future success, SpecterSoft management (with some reluctance on Robin’s part) hired a creativity consultant. Chris asked the consultant to meet with Pat Freeh, the manager of the R&D team, and to perform a creativity scan with the group.

Chris agreed to the consultant’s plan to first conduct interviews, beginning with the three partners and then moving on to the department managers. The purpose of the three interviews with the partners was to gather background information on the history of the firm, its product line, and market niche. Subsequent interviews with Pat and the other department managers provided valuable information and insights regarding the three principals, as well as on issues like teamwork, communication, decision making, and elements of the corporate culture.

The consultant’s interview with Pat was longer than the other interviews. Prior to Pat’s interview, the consultant and Pat were joined by Chris, who explained why the consultant had been asked in. The consultant explained the purpose and goals of the creativity audit, being careful to mention that Pat’s management performance was not being singled out as an issue, but that the intervention would examine a wide array of factors that influence creativity. Pat was a little nervous at first but became comfortable with the idea, especially after Chris left.

The consultant and Pat discussed the R&D team in some detail, reviewing the history of the group, its composition, how the team members worked, and so forth. (At this point, the consultant had collected much of the background information and history presented in the early part of this case study.)

Because the R&D group consisted of seventeen engineers, the consultant noted that it was feasible to have the whole team participate in a single focus group. The consultant indicated that two day-long sessions would have to be scheduled—one for the creativity scan itself and a second for the action-planning session. Pat agreed and scheduled the two sessions, one week apart.

When the day arrived for the first session, which was held at a local hotel, the consultant began with a couple of brief warm-up and creativity-stimulating activities, such as the following logic problem:

“A women’s shop has been burglarized repeatedly. The store installed an alarm system, enabling security people to arrive on the scene within two minutes. However, a thief is able to break in, swipe two armfuls of expensive designer dresses or fur coats off the racks, throw them into a van, and drive away within the two-minute period. This type of theft has happened several times, incurring significant losses for the store. Decide on the least expensive and most effective solution possible for this type of burglary.”

Most participants create elaborate or expensive solutions, such as hiring a 24-hour guard. One solution, however, would cost nothing: Alternate the hangers on the rack so that only every other dress can be removed from either side of the rack. This would effectively prevent a thief from removing a full rack of dresses with one sweep of the arm, thereby stopping him or her from getting away with the goods within two minutes.

Next, the consultant led the group through the following open-ended questions, following the rules of brainstorming (i.e., the more answers, the better; no editing or critiquing):

- Visualize a day when you felt most creative. What was happening, or what did you think about or see when you started to feel really creative? Were you alone or in a group? What time of day was it? What were you doing? What kind of tools, if any, were you using?
- Visualize a day when you felt least creative. What was happening, or what did you think about or see when you first stopped feeling creative? Were you alone or in a group? What time of day was it? What were you doing? What kind of tools, if any, were you using?
- What kind of things do you do to put yourself in a creative mood, regardless of where you are?
- Think back to a time when you came up with a creative idea or solution. Were you recognized or rewarded? If yes, how?
- What kind of conditions, activities, or policies in your work environment help you to be creative?
- What kind of conditions, activities, or policies in your work environment make it difficult to be creative?
- What aspects of your industry either hinder or foster creative work?

After capturing the group’s ideas on numerous flip-chart pages, the consultant taped the sheets to the walls of the meeting room. The consultant then walked the group through the gas-pedal/brake-pedal model of creativity (Figure 1). The consultant and the group reviewed the material posted on the walls. The most salient responses were identified and transferred to the appropriate columns. See Figure 1 for the results, which show the obstacles to creativity outnumbered the stimulants at SpecterSoft.



Current Stimulants (Gas)

- Informal atmosphere
- Humor/having fun
- Pleasant surroundings



Current Obstacles (Brakes)

- Rigid rules/heirachy
- Leaving at 5:00; not setting high performance standards
- Avoiding risk taking
- Lack of attention to development of skills needed for creative work
- Inadequate reward system (e.g., lack of acknowledgment or monetary rewards)
- Management conservatism
- Time pressures
- Lack of interdepartmental teamwork

Figure 1. SpecterSoft’s Gas-Pedal / Brake-Pedal Model.

The following week, the group met again for the second phase, action planning. The consultant again began with warm-up and creativity activities, then moved on to explain that the purpose of the session was to develop concrete, specific, and doable action plans for the following:

- Adding or reinforcing current stimulants to creativity.
- Removing or minimizing current obstacles to creativity.

Figure 2 (page 533) shows a summary of the action plans the group generated. As may be seen, the proposals offered by the R&D team addressed most of the issues identified in the creativity scan. Also, there is a balance between those proposals that can be implemented by team members themselves and those that require executive action or approval. Often, teams will generate more proposals for executive action and fewer proposals involving individual or team responsibility. The facilitator needs to be aware of this natural tendency. One way the facilitator can avoid an imbalance of responsibility in proposals is to make two columns, one labeled “team action proposals” and the second, “management action proposals.” The facilitator can encourage the group to develop an equal (or near equal) number of proposals for each column.

SUMMARY

Organizations that attempt to imitate or follow the lead of their competitors may be doomed to fail or to trail hopelessly behind industry leaders. Increasingly, creativity and innovation—applied to product development, customer service, marketing, and the formation of joint ventures—will be essential ingredients for corporate success. The techniques and methods described in this article provide one approach for developing work environments that nourish and sustain creative and innovative thinking and action.

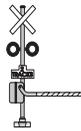
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Proposals for Adding or Reinforcing Current Stimulants to Creativity

1. Extend the casual-dress code from one day a week to every day. (Dress Code.)
2. Create a program to formally recognize “the most creative idea of the month.” (Acknowledgment.)
3. Increase the amount of work space available for group work by rearranging office layout. (Work Environment.)
4. Meet with the marketing department to share “success stories” and other interesting developments that can be provided to media contacts. (Acknowledgment.)
5. As a group, develop a list of formal and informal conferences and events that SpecterSoft’s R&D staff can attend in order to learn about new developments and ideas in the field; provide time off and travel expenses for important conferences, but require the attendee to make a report to the rest of the staff. (Stimulating Contacts.)
6. Develop a list of things that people find truly rewarding, i.e., primarily intrinsically rewarding. (Reinforcing the Reward System.)
7. Recommend that management implement a stock option plan. (Reinforcing the Reward System.)



Proposals for Removing or Minimizing Current Obstacles to Creativity

8. Implement a flex-time program on a trial basis, i.e., one in which employees work any eight-hour period between 7:00 a.m. to 6:00 p.m. (Minimizing Rigidity.)
9. Set up regular meetings with the marketing and sales departments; make “addressing differences and concerns” and “opportunities for cross-functional projects” ongoing agenda items for these meetings. (Overcoming Barriers to Communication.)
10. Develop new individual and team performance-review standards, emphasizing creativity, cooperation with others, and communication skills. (Increasing Performance Standards.)
11. Recommend to the partners in the firm that they establish clear criteria for risk taking; note that current perception is that the company is very risk avoidant. (Legitimize Risk Taking.)
12. Develop a list of “important future skills,” locate appropriate external training programs, and increase the training budget. (Emphasizing Proactivity.)

Figure 2. SpecterSoft’s Proposals

■ CREATING TRAINING EXCELLENCE FOR ORGANIZATIONAL CHANGE

Irwin M. Rubin and Robert Inguagiato

Abstract: Collaborating with senior executives in developing training programs to effect behavioral change that would create win-win cultures within their organization led to a new way of designing training. This effort resulted in input into the training from organizational members, the use of prototype training groups, and other unique approaches. The training allowed individuals to practice behaviors that they believed would create a climate of excellence in their organization and that were typical of situations in their organization. This article describes the approaches used, the learnings that resulted, and the implications for managers who want to develop excellence-oriented organizational cultures.

THE GOALS OF SENIOR EXECUTIVES

Collaborating with several senior executives who approached training in a unique manner has reconfirmed the importance of several old truths and uncovered some new truths. An organization that employs these insights will increase the likelihood that its training investment will add value to its bottom line.

The senior executives all believed that quality training is synonymous with creating excellence-oriented cultures. They wanted to ensure that behavioral-skills training programs would empower their people to engage in day-to-day behaviors that reflected their organizations' value-driven mission statements. They wanted to implement behavioral training that focused on organizational cultural change.

The organizations' mission statements emphasized creating win-win work cultures. They described what the organizations would like to be in relation to what they currently were.

To design and implement training systems that supported major changes in their organizations' cultures, the senior executives developed three broad considerations: collaboratively developing training versus buying package training; using inside trainers versus using outside trainers; and employing modeling versus mockery.

COLLABORATIVELY DEVELOPING TRAINING VERSUS BUYING PACKAGED TRAINING

No off-the-shelf training program is likely to meet the unique cultural and behavioral requirements of a particular organization in creating large-scale changes in the organization's work environment. This does not suggest that publicly available

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educational programs or off-the-shelf training programs are without value. They certainly can result in individual development. However, education that supports organizational change differs substantially from education that supports individual development.

The senior executives were looking for training that would empower people to alter their day-to-day behaviors so that, over the long term, a different feeling would characterize the way in which business was conducted internally in their organizations. To ensure that any programs we developed collaboratively would fulfill each individual organization's specific behavioral requirements, we established two criteria. First, the program must give individuals the opportunity to practice behaviors they agree are critical to achieving excellence in their organization. Second, the program must give individuals the opportunity to practice these new behaviors in situations that occur regularly in their organization.

Over the past ten years, we have asked more than 2,000 managers to identify the specific behaviors they associate with win-win relationships. We have synthesized their responses into forty-eight discrete, observable behaviors. To establish the foundation for the behavioral model to use within a specific organization, we surveyed senior executives and other members of the organizations to determine which of these behaviors they believed were most likely to create excellence in their relationships with one another. By defining the behavioral content of the program it was developing, each organization fulfilled our first criterion.

To fulfill the second criterion, each organization defined the contexts, the practice cases, and the experiential simulations that individuals would confront during the training program.

Achieving this level of reality in a program to accomplish organizational cultural change requires that the organization become an active, collaborative partner. We have had good success in developing this collaboration by using "prototype design and test groups." Senior management hand picks and personally invites the members of a prototype design and test group—a clear signal of its importance.

A prototype group has three objectives. As the first group to participate in the new program, the prototype group evaluates the program and provides in-depth feedback on the program's strengths and weaknesses. Then the group describes situations and events that typify the organization's day-to-day reality. We interview these participants about situations they have recently or regularly encountered that did not result in the win-win outcomes the organization seeks. After the participants have completed the prototype program, they provide a detailed briefing to their senior managers and, possibly, to other members of the organization.

The number of prototype test runs necessary varies according to the organization. In one organization, we were able to iron out the bugs after only one prototype program. In a second organization, four prototype groups were necessary, and they involved the entire head-office staff of sixty persons. The number of necessary revisions is only one of several factors that determine the number of prototype groups that go through a

program. The size of the training population and the internal marketing that must take place also are important considerations.

By using the concept of prototype design, we hope to communicate three important messages. First, prototype design indicates that development of the program is flexible, not rigid. Second, the prototype participants are responsible for contributing the situations that enable the program to reflect organizational reality. Third, striving for excellence means stretching a prototype beyond normal limits, uncovering possible weak spots, and learning from experience how to increase the quality of the final version of the program. Only the inhabitants of a culture can change that culture, and they can do so best with tools that they have had a hand in creating.

USING INSIDE TRAINERS VERSUS USING OUTSIDE TRAINERS

Once the behavioral training program has moved beyond the prototype phase, the organization must give serious thought to who will conduct the program. We espouse the need to have actual inhabitants of the organizational culture as trainers. No matter how skillful outside trainers may be, they will always be outsiders to the culture.

Each of the organizations became comfortable in assuming this level of accountability at a different time. In one organization, we, as outside consultants, had delivered the program to all the senior managers before the essential transition to inside trainers took place. We collaboratively designed a spin-off version of the original program, then selected and trained two in-house managers to present the program to the organization's high-potential managers. When these participants receive promotions to upper-management positions, they will have little difficulty fitting into and reinforcing the emerging culture.

In a second organization, the best model proved to be a blend of inside and outside trainers. The inside trainers included both full-time trainers from the human resource department and line managers. This arrangement worked well because significant time passed between programs. The inside trainers could link program concepts to concrete situations in the organization, and, because the outside trainers were doing training for a living, they kept their presentation skills finely tuned.

The experience in the third organization demonstrated the potential power of using line managers to present programs. Senior managers had already demonstrated their commitment by making themselves the members of the first four prototype groups. The organization carried this commitment one step further by releasing six prototype participants from their line responsibilities to become full-time trainers for the next six months. Their goal was to carry the training message to the 400 or so people just below them in the organization and to select from those they trained the next group of line-management trainer candidates. The line-management trainers also received an extensive train-the-trainer program to prepare them for their upcoming role.

This organization has trained twenty-four line managers as trainers, and these inside trainers have devoted six months full-time to presenting the program to almost 2,000

participants. As a result of the intensity of their involvement, these twenty-four people—who have all rotated back into significant line-manager positions—have the potential to model and reinforce the aspects of cultural change they have spent six months teaching to others. Tracking the effects these people have on the cultural change in their organization reinforces our belief in the most powerful training program we know: modeling ourselves after leaders we respect.

MODELING VERSUS MOCKERY

Senior executives are responsible for ensuring the maximum return possible from the organization's investment in its most important asset: its people. People often say one thing and do another. Senior executives, in particular, must practice what they preach. Most senior managers with whom we collaborated understood the importance of leading by example. They knew that to tell others to attend a behavioral training program whose goal is organizational cultural change, and not to attend the program themselves, would make a mockery of the training effort.

Leadership by example (modeling) offers great potential for cynicism. We all have heard examples of training on Friday reverting to “business as usual” on Monday. This brings us back to the theme of quality training being synonymous with creating excellence-oriented cultures.

CREATING EXCELLENCE-ORIENTED ORGANIZATIONAL CULTURES

One of the central themes of the behavioral-skills training programs was developing win-win relationships. Recognizing when someone is doing something right, and learning from mistakes rather than blaming, are inherent in this theme. Managers and executives must learn to acknowledge and nurture employees who are demonstrating good returns on the training investment. In our experience, there is a tendency not to celebrate and learn from individual success. (Perhaps blowing someone else's horn is only slightly more culturally acceptable than blowing one's own.) Similarly, when a well-intentioned but fallible and imperfect human being does not yield a return commensurate with an organization's expectations, responsible persons in the organization must attempt to see what they can learn from the mistake, rather than blaming someone for it. These learnings are part of what made our collaborative efforts with the organizations we have discussed so refreshingly unique.

Two of our experiences demonstrate how some managers behave when they are committed to the belief that quality training is synonymous with creating excellence-oriented cultures.

The Case of the Crisis

One of the organizations found itself confronting a series of work-related crises during a period of intense training. If it had followed the standard routine, the organization would

have pulled key managers from the training programs so that they could be available in their offices to handle the crises. Instead, senior management took a dramatically different approach.

The CEO wrote a case briefing for one of the real crises the organization was facing, and several of the programs that took place during this turbulent period used this case. The real-life-crisis case took the place of several of the cases that were normally used in the program. Consequently, training participants had the opportunity to practice new behaviors in a real work crisis and yet remain in the learning environment. They videotaped their work so they could review their behaviors and case outcomes as part of their learning.

Learning from experience, with or without the assistance of videotape, is just the habit we hope to instill on the job to create an excellence-oriented culture. This CEO had the courage of his convictions to use quality training to tackle problems of real and immediate consequence.

The Case of the Overenthusiastic Manager

The second example points out some important limitations of our own beliefs and convictions as program designers. A highly visible and influential senior executive from one of the organizations attended a training program and became quite enthusiastic about its potential effect on his behavioral patterns. His motivation and enthusiasm continued to grow back on the job, but his attempted integration of the behavioral skills was so dramatic that he increasingly rubbed people the wrong way. This senior executive's manager mentioned to us that he had not only taken the program "on board" but had gone overboard!

This situation reflects an important blind spot that we human resource development professionals sometimes have. We believed that the training programs we were collaboratively designing would make a difference in people's lives, and we hoped that participants would take the programs fully on board. However, we could have spent more time during the program helping the participants learn not to go overboard with their new behavioral skills.

The thing that reinforces the uniqueness of this organization and its desire for an excellence-oriented culture is how it handled this senior executive once it recognized the problem. The traditional response would have been to slap the person's hand, pull him up short, or, worse, cut the organization's losses by cutting him loose. The organization chose none of these options. Instead, it offered him the opportunity of one-on-one, on-the-job support from us to enable him to make better use of the skills the organization had asked him to learn and which he had so enthusiastically embraced.

CONCLUSION

Certain conclusions can be drawn from our experiences with these organizations that are relevant to human resource development professionals and organizations that wish to

establish excellence-oriented work cultures. First, quality training goes hand-in-hand with establishing excellence in an organization's work culture. Second, collaborative design results in a behavioral-skills training program that reflects the organizational realities experienced by inhabitants of the culture. Third, when people from the work culture can serve as trainers within the organization, the likelihood of the organization's taking the program on board increases dramatically. Finally, the behavior of senior managers speaks louder than any behavioral-skills training program. The members of an organization will mimic the behaviors of their leaders; consequently, to teach one set of behaviors and to display another will only make a mockery of the training investment.

■ DESIGNING, FACILITATING, AND ANALYZING FOCUS GROUPS

Chuck Kormanski

Abstract: Using a focus group means conducting a group interview that uses the synergy of group dynamics to provide qualitative data in response to a set of questions constructed around a particular topic. Focus groups consist of six to twelve participants, selected randomly or chosen to represent specific voices from a population. A facilitator trained in group process conducts the group session, which lasts from one to two hours.

Most focus groups are audiotaped; the tapes are destroyed once a written analysis is completed by the facilitator. An observer/recorder also may be used to take notes. The written analysis provides confidentiality by attributing all data to the group rather than to a specific individual.

Focus groups solicit all perspectives on a topic. They are not intended to solve problems, gain consensus, or debate issues. Focus groups are useful in discovering what people think and how they feel about something. Data analysis is always qualitative, not quantitative.

A dozen people seated around a conference table are describing their experiences in purchasing or leasing vehicles from automobile dealerships in the area. A facilitator poses questions about their levels of satisfaction, what influences their decisions, essential items and costs, the characteristics of the employees of the dealerships, and how the group members would like the dealerships to change over the next five years.

Hospital administrators are meeting to talk about the current health care crisis and to examine ways in which they can work with educators to provide cost-effective training for their personnel. The discussion centers on an examination of the current workforce, identification of major challenges and opportunities, industry trends and projections, and possibilities for cooperative ventures.

A food-service provider has invited a group of community leaders to a breakfast, followed by a discussion of how the organization might improve its current services and expand into new marketplaces. The discussion leader solicits perceptions concerning community needs, positive and negative experiences of participants, competition in the industry, and a possible vision for the future of the organization.

The preceding are descriptions of focus groups. The central process is a group interview conducted by a trained facilitator who gathers participant (often customer or client) viewpoints and information about a specific topic for use by a sponsoring individual or organization. Originally developed as a market-research tool, focus groups are used to obtain the qualitative perspectives that a quantitative survey cannot provide. The emphasis is on understanding attitudes, feelings, and values and their relationships to products and services.

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Group dynamics create the interpersonal interaction that produces synergy in the discussion. As participants listen to one another, they become more likely to recall experiences and related emotions to contribute to the discussion. A major task of the facilitator is to elicit as many different views as possible concerning the selected topic. Thus, participants are also encouraged to share the reported thoughts and feelings of people with whom they have had significant interactions.

Today, focus groups are increasing in sophistication and complexity. As qualitative data becomes more acceptable in contemporary research, the focus group is not only being used in tandem with quantitative research tools, it often stands alone as the preferred method. Increases in the use of strategic planning and quality-improvement teams have supported the use of qualitative data. The focus group is a popular mechanism for collecting this data because of its efficient and effective format. Usable information can be obtained in a reasonable amount of time.

The focus group seeks the widest diversity of thoughts and feelings about a specific topic. It relies on group discussion but is not intended to solve problems, gain consensus, or debate issues. It does not generate statistical data but can be used with techniques that do. Morgan (1993) notes five instances for which the use of focus groups provides a distinct advantage. He suggests considering focus groups when the following conditions exist:

- There is a power differential between participants and decision makers.
- There is a gap between professionals and their target audiences.
- There is a desire to investigate complex behavior and motivations.
- There is a reason to learn more about the degree of agreement on a topic.
- There is a need for a friendly research method that is respectful and not condescending to the target audience.

DESIGNING FOCUS GROUPS

Once the decision to use a focus group is made, the individual or team assigned the task will need to gather some basic information for use in the design process. Initially, the following questions about purpose and format should be addressed:

- What kind of information are you seeking?
- Are there specific things you want to know?
- From whom do you want to hear?
- Who will use the information?
- What time frame is needed?

Additional information will be needed in order to develop the specific questions to be asked in the focus group. The second set of questions that needs to be addressed includes the following:

- Are you interested in feedback about products and services?
- Are you interested in needs of potential customers?
- Would understanding how customers make decisions be helpful?
- Do you want to know about the vision participants have for the future of your industry?
- Do you want to include a demographic survey?

Finally, for detailed planning, inquiries about personnel and roles are required. The following questions may be helpful in this regard:

- Who will coordinate the logistics and physical arrangements?
- Who will facilitate the focus groups?
- What recording processes will be used?
- What should be kept confidential?
- How will participants be rewarded?

The answers to these questions provide the information needed to begin the design process.

A focus-group checklist (see Figure 1) serves as a helpful reminder of the tasks to be accomplished in the design phase. It also can be used as a sign-off form for the entire process. Specific tasks can be divided into three time frames: pre-focus group, focus group, and post-focus group.

Selecting Participants

Selecting the six to twelve participants for a focus group can be done randomly from a general or targeted population if that supports the stated purpose of the research. Frequently, a stratified and diverse sample is necessitated by the desire to hear from a group that serves as a microcosm of a larger community. In this case, the focus group designers may choose to construct a participant selection matrix to assure that a large variety of voices will be heard.

A typical participant selection matrix considers age, gender, and a key category such as occupation, geographical area, residential setting, racial background, or community group representation. Figure 2 presents an example of such a matrix. The designers then nominate individuals to represent the various categories, keeping in mind that most individuals will provide multiple voices. A key concern is to make sure that there are no gaps. Nominating more than one person per category provides for backups during the invitation process. In addition to the designers, potential users of the focus-group data may be helpful in the participant-selection process.

Date completed:	Pre-Focus Group
_____	Select dates, times, and sites
_____	Schedule physical facilities
_____	Select facilitators and recorders
_____	Construct questions and review process
_____	Select participants
_____	Write letter of invitation with response format
_____	Mail invitation letters
_____	Make copies of demographics sheet
_____	Arrange for light refreshments
_____	Check response rate per site
_____	Obtain name tags and marking pens
_____	Remind facilitators and recorders
	Focus Group
_____	Arrange room
_____	Welcome participants
_____	Describe purpose and format
_____	Conduct first-name introductions
_____	Ask 3-5 major questions
_____	Summarize
_____	Complete demographic survey
_____	Thank participants and provide rewards
	Post-Focus Group
_____	Compile and analyze data
_____	Write summaries
_____	Combine group summaries (when appropriate)
_____	Prepare comprehensive report
_____	Distribute report

Figure 1. Focus-Group Checklist

Key Category: Occupation	Possible Participants	Gender		Age		
		M	F	16-25	26-40	40+
A. High school or college student						
B. Housewife/ Mother						
C. Retired						
D. Professional						
E. Business owner						
F. Skilled worker						
G. Laborer						
H. Farmer						
I. Business manager						
J. Secretary/Clerk						

*Other key categories include geographical area, residential setting, and community group.

Figure 2. Focus-Group Participant-Selection Matrix

Outlining the Process

Conducting the focus group takes about two hours and follows a prescribed format. The two major components are describing the purpose of the research and asking the three to five interview questions. An outline of the process components is presented in Figure 3.

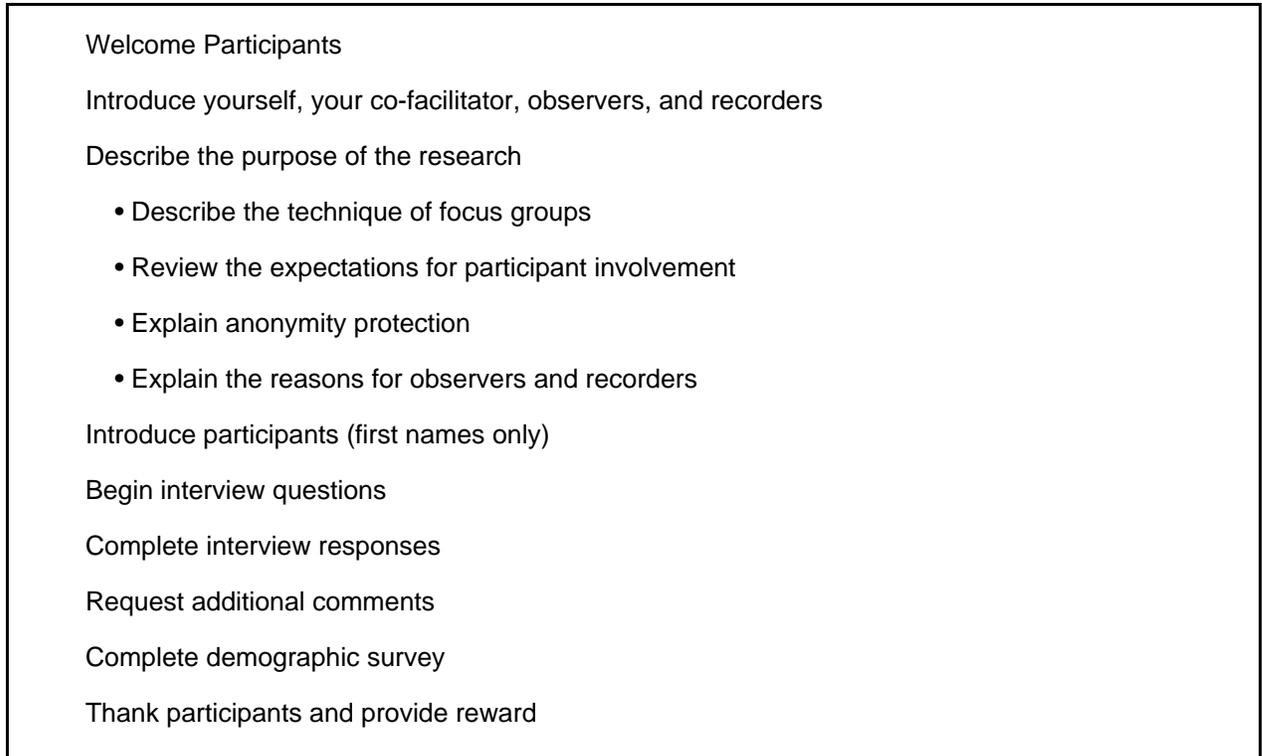


Figure 3. Focus-Group Process Outline

Describing the purpose of the research includes briefly describing the focus-group technique, the expectations of what the participants will contribute, what anonymity means, and the reasons for having observers and recorders.

The focus-group technique is essentially a group interview that encourages diversity rather than consensus and uses the synergy of group dynamics. Participants are expected to be genuine, honest, and considerate of others. Anonymity protection includes using only first names, attributing all data to the group rather than to specific individuals, and destroying all recorded data and notes on completion of the comprehensive report. The rationale for having observers and recorders is to ensure the accuracy of the data.

Constructing the Questions

A desired outcome for the participants of a focus group is an informative and enjoyable experience. The sponsoring researcher or organization is interested in hearing diverse voices regarding a specific topic within an atmosphere that promotes insight and

discovery. Both breadth of voices and depth of topic are valuable. It is a plus if the participants have fun, although the seriousness of some topics may prohibit this.

Knowledge of group dynamics and the stages of group development can help in the design and facilitation of the focus group. Matching one's facilitation style with the stage of the group helps to accomplish the task and maintain positive relationships within the group. A summary of stages of group development, based on the Tuckman model (Tuckman & Jensen, 1977), and appropriate leadership behaviors for each stage (Kormanski & Mozenter, 1987) follows:

Group Development and Facilitator Style

Stage	Task Behavior	Relationship Behavior	Leader Behavior
Forming	Orientation	Dependence	High task, low relationship
Storming	Resistance	Hostility	High task, high relationship
Norming	Communication	Cohesion	Low task, high relationship
Performing	Problem Solving	Interdependence	Low task, low relationship
Adjourning	Termination	Disengagement	Low task, high relationship

Keeping the stages of group development in mind, the designers can construct a five-stage format that augments the energy levels of the participants at each stage, thus facilitating a synergistic group process. The key characteristics for constructing each stage and planning the appropriate questions and facilitator behaviors are as follows.

One. The initial stage should aid the group in “forming”—getting oriented and organized. The question asked in this stage should be nonthreatening and should help the group members to get involved with the topic. An example is “Describe some trends that you see occurring that relate to (the topic of the focus group).” The facilitator style should be polite and professional (low relationship) and aimed at orienting the participants to the focus-group process (high task). Key criteria are:

- Invite all to respond.
- Present a broad perspective of the topic.
- Provide a nonthreatening warm-up activity.
- Encourage the sharing of personal experiences.

Two. The second question should enliven the interaction and provide for “storming”—the awareness of different personal orientations and the sharing of diverse viewpoints—by being a controversial inquiry. An example is “What influences you the most in deciding to use (the product or service)?” The facilitator style should be assertive and flexible (high relationship) with a concern for clarification of all perspectives (high task). Key criteria are:

- Seek out diversity.
- Allow for emotional content.
- State that disagreement and conflict are natural.
- Encourage critical thinking.

Three. The third question should encourage “norming”—establishing cooperation and building on others’ ideas. An example is “As you have been listening to others in the group, what did they mention that you might want to build on or add to?” The facilitator should focus on keeping communication lines open without leading too much (low task) and on supportive sharing of ideas (high relationship). Key criteria are:

- Help the group to find unity of purpose.
- Help the members to stretch their thinking, seek out root causes, etc.
- Help members to build on the thoughts of others.
- Help create synergy.

Four. The fourth question represents the most critical issue related to the topic. By now the group should be “performing”—functioning synergistically. Sample questions are “What do you perceive as the most critical aspect of (the issue or topic)?” and “If we were to change something, what would it be?” The facilitator should encourage the group to explore all aspects of the issue (low task) and encourage interdependent participation by group members (low relationship). Key criteria are:

- Explore the heart of the topic.
- Elicit the most challenging discussion.
- Don’t ask questions that have obvious answers.
- Encourage strategic thinking—thinking beyond the present to what will be needed in the future.

Five. The final question should begin the process of “adjourning”—ending the group. An example is “Have we asked the right questions today?” The facilitator should help the group members to finish with the topic (low task) and should reward them for participation (high relationship). Key criteria are:

- Tie a variety of issues together.
- Summarize key points related to the topic.

- Solicit “any other thoughts.”
- Facilitate disengaging from the process.

This sequencing facilitates group development. Obviously, the format should be flexible enough to fit individual situations. Some focus-group topics may include more than one critical issue. Some groups may not experience a storming stage. Usually, however, each focus group needs an opening question to begin the exploration of the topic, a central or working question to generate the most diverse perspectives, and a summary question to bring closure to the process. Experimenting with moderate risks and accepting modest failures are important learning experiences. This also is an opportunity to try out innovative and creative approaches.

Figure 4 presents the questions constructed for a focus group on vehicle purchase and rental, sponsored by an automobile dealership.

FACILITATING FOCUS GROUPS

The purpose of a focus group is to gather diverse perspectives on a specific topic using a group-interview process. Therefore, the skills used in facilitating task groups with short life spans are applicable to focus groups. Transactional leadership skills are helpful, and some transformational skills also are useful. Group-development theory suggests a sequencing of skills that enhances group process (Kormanski & Mozenter, 1987). The skills and the suggested sequencing are described in this section.

The facilitator begins a focus group (forming stage) using the transactional skills of getting acquainted (first name only), goal setting (stating the specific purpose of the focus group), and organizing (acquainting participants with the focus-group process). The transformational skill of value clarification helps in stressing the need for honest responses, cooperative interaction, and confidentiality.

As questions are posed (storming stage), the facilitator uses the transactional skills of active listening (paying equal attention to all points of view), assertiveness (protecting the rights of all the participants), and conflict management (maintaining high group energy amidst diversity). The transformational skills needed are flexibility (making sure all the participants have speaking time), creativity (encouraging unique and intuitive perspectives), and kaleidoscopic thinking (reframing old perspectives to suggest new possibilities).

As group interaction increases (norming stage), the facilitator is required to add the transactional skills of communicating (providing for an open flow of information), feedback (using descriptive feedback to obtain specific viewpoints), and affirmation (offering support and praise to encourage participation). The transformational skill of playfulness and humor may be used with some groups to increase positive energy.

As the focus group approaches its most productive stage (performing), the facilitator needs the transactional skills of decision making (ascertaining when follow-up queries need to be asked), problem solving (monitoring and adjusting time usage), and

Specific topic: Perceptions of automobile dealerships.*

1. Describe how satisfied you are with the vehicles available at this time.
 - a. How important is owning your own vehicle?
 - b. How important is purchasing a new vehicle?
 - c. How important is having a reliable dealer?
 - d. How much risk is involved in purchasing a vehicle?
 - e. What will reduce this risk?
2. When considering the purchase or lease of a vehicle, which influences you most: cost, quality, or service?
 - a. Would you choose the least expensive?
 - b. Would you choose the highest quality?
 - c. Would you consider service?
 - d. How would you balance the three?
3. Describe the ideal person with whom you would prefer to do business.
 - a. How important is a personal relationship?
 - b. How important is technical knowledge?
 - c. Does the size of the dealership make a difference?
4. What items are essential for your vehicle and what items would you need to consider a cost limit?
 - a. Do you prefer one cost pricing?
 - b. Is leasing an attractive alternative to purchasing?
 - c. What could a dealer do "extra"?
5. What do you expect a "vehicle center" to look like five years from now?
 - a. Where will the centers be located?
 - b. What activities will take place there?
 - c. What type of individual will work there?

*Focus Group conducted for Thomas Chevrolet, Bedford, Pennsylvania.

Figure 4. Examples of Focus-Group Questions

rewarding (providing recognition for goal achievement). The transformational skill of futuring also may be used to examine implications for the future and future trends.

Finally, as the focus group concludes (adjourning stage), the facilitator utilizes the skills of evaluating (whether the right questions have been asked) and reviewing (whether all members have been heard). The transformational skill of bringing closure ends the process in a positive manner to celebrate participation and increase the possibility that participants will volunteer for future focus groups.

As with all group-development sequencing, facilitators should be aware that the stages are not specific units, but a process. The process usually flows forward, but may

regress backward. Even though the group may be into the norming stage, there will still be some forming, storming, performing, and even adjourning activity occurring. This affects the related transactional and transformational leadership skills. All are used throughout the process; however, specific stages require more of some and less of others.

ANALYZING FOCUS GROUPS

Analysis of the data generated by a focus group is a time-consuming process. The key to effective analysis is to develop a systematic format and construct strategies to verify interpretations. Unstructured and complex data need to be organized and simplified. The following fifteen guidelines may help to accomplish this task:

1. Keep in mind the purpose of the study.
2. Choose and outline a format using either an ethnographic summary (a case study), a content-analysis coding (coding the data by themes such as economic development, political interaction, etc.), or a combination of the two.
3. Use the group as the primary unit of analysis.
4. Focus on qualitative—not quantitative—data; the analysis should be descriptive, not evaluative.
5. If information is extensive, develop a coding process to organize the data (see #2).
6. Identify major themes for each question, thus creating a two-dimensional matrix. One dimension is the question, the other is the theme(s).
7. For each question, examine the extensiveness, diversity, specificity, and intensity of the responses.
8. Relate specific details and viewpoints to the broader perspective of each theme.
9. Identify trends, connections, and relationships between and among themes.
10. Note changes in thinking and feeling patterns as the group discussion progresses.
11. If more than one focus group is conducted on a topic, look for themes across groups.
12. Use narrative vignettes and quotations to add detail and emotional content.
13. Summarize key findings using category clusters such as the top ten, strengths and weaknesses, pros and cons, opportunities and threats.
14. Add to the audiotape or recorded notes an immediate reaction summary by the facilitator and recorders/observers after the participants have gone.
15. Assess reliability and face validity by having several analysts review the data and the interpretations.

Figure 5 provides a narrative report of qualitative data from one focus group sponsored by a food-service provider. The participants were asked to describe the organization the food-service provider had the potential to become. Follow-up questions sought perceptions of possible facilities, functions, staff composition, and customers.

Question: What will a comprehensive, quality provider of food service look like five years from now?

Strategic Guidelines

- You can't be everything to everybody.
- Define your niche.
- Create a strategic plan with a mission and vision.
- Look professional within the context of the community.
- Invest in audiovisual technology.
- Increase active involvement in the community.
- Take advantages of established networks.
- Add a creative element to each event.
- Strive for elegance.
- Be proactive in establishing client contacts.
- Capitalize on the local historic traditions.
- Identify future events and offer creative proposals.

The Casino: A Future Scenario

The Casino Facility

The facility blends the historic traditions of the past with the state-of-the-art technology of the future. The scenic setting offers a relaxing lakeside view with seasonal outside tables and hidden alcoves for quiet conversation. Inside, pictures and relics of local history catch one's attention and aid in making the transition from general chit-chat to serious discussion. The spacious interior allows for a variety of settings arranged and decorated to enhance each event. A large audience can easily be subdivided into smaller break-out rooms using noise-absorbent dividers. Teleconferencing capabilities encourage a mixture of business, educational, government, and social organizations to interact as well as to access programs specific to their needs. Particular spaces in the facility are attractive for small groups, intimate interviews, and related gatherings. The Casino buffet is an area tradition, noted for its consistent quality and creativity. In addition, the facility always allows for some surprise for each event.

The Casino Functions

The quality of the setting and the food are constant rivals for praise from event participants. Travel and tourism groups usually schedule a special night to show off the area's social centerpiece to visitors. Periodic and seasonal brunch buffets and restaurant nights offer the same opportunity for individual families who are entertaining out-of-town guests. The Casino wedding sets the standard for the competition. The new technology has attracted a new type of customer. Ranging from small trade shows to teleconferences to "business after hours" gatherings, the diversity of offerings continues to expand. The local traditions continue to bring back class reunions and popular music groups. While specific

events are occurring in the Lakemont facility, others are being catered off premises. This function is growing gradually as a result of word-of-mouth compliments and a comprehensive marketing and advertising effort. A staff brainstorming session held every three months scans the changing marketplace to identify possible events in the immediate future and over a two-year period for potential clients. A team will then create strategies that the organization will use to secure contracts as well as to build future business contacts.

The Casino Staff

The Casino staff is always in training and always learning. The learning sessions range from a fifteen-minute “prep review” prior to a major event, to a morning brainstorming session on customer service, to a trade show on innovative ideas. The management team takes the leadership in professional staff development and models effective behavior. Veteran staff members make contributions in their areas of expertise. A high energy, innovative approach seeks out opportunities in a proactive manner to enhance current offerings and create new ones. A professional meeting planner coordinates a customer consultant team, which provides an individual contact person for each event. This personalized service includes a follow-up as well as inclusion in periodic surveys to assess customer satisfaction. A yearly focus group is planned to secure in-depth feedback concerning overall strengths, weaknesses, opportunities, and threats, as well as exploration of key innovations and special events. Distinctive apparel carrying The Casino’s logo is seen throughout the area as The Casino vans provide catering services for a variety of events and galas.

The Casino Customers

A favorite spot of The Casino’s customers is the distinctive bar, which recently has been partially enclosed to create a warm, cozy setting for quiet conversation or a fun, entertaining playground for current jokes and stories; all depending on the group present and the mood. It is truly a bar for all seasons. The management team is currently involved in a brainstorming project to identify configurations for handling multiple functions as well as possibilities for expansion. Nonprofit groups and the community volunteers who lead them are pleased with the special discounts and joint ventures that continue to take place. This, along with sensible charitable contributions, have increased customer contacts in the business and industrial sectors. Active roles by various members of the management team in commercial, tourism, sports, and travel organizations have resulted in increased visibility and cooperative events that impact the entire community.

Figure 5. Narrative Summary of Responses from a Focus Group

Preparing the Report

When the analysis of the data is complete, prepare a written report using group (not individual) data. This report should include an introduction to the topic, a description of the process, a statement of key findings, details of participant responses for each question, any other relevant information, and a concluding summary.

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■ DEVELOPING AND USING ORGANIZATIONAL SURVEYS AND THE PREDICTOR ANALYSIS

William A. Snow

Abstract: In this article, the author discusses the benefits of organizational climate surveys and presents a thirteen-step process for developing the survey; collecting, analyzing, and interpreting the data; reporting back to survey respondents; and developing and approving action plans. The author also discusses the predictor-analysis process, which indicates which survey statements most and least influence the results of each survey content area, and provides examples from an actual organizational survey.

There are many approaches to the survey process and the use of data. One powerful use of survey data is predictive. The survey results—carefully and selectively analyzed and interpreted—can provide valid, reliable information about the specific content areas that assess organizational issues and strengths. Pinpointing these issues and strengths and determining the extent to which they exist can help an organization more carefully invest its resources in order to achieve greater impact.

Reactions to the suggestion of conducting an attitude survey in an organization can typically be described as “mixed.” Proponents often report that they have obtained new and useful diagnostic information about an organization or that a survey served to confirm their impressions or concerns. On the other hand, others cite problems: the time required to get data processed and returned; the lack of a process for interpreting and understanding the mass of data; the difficulty in planning meaningful corrective actions; and the frequent lack of feedback or follow-up with employees, with resulting loss of credibility.

Regardless of prior experiences, a carefully designed and implemented survey can be of significant importance in the effective management of an organization’s human resources. Over 50 percent of a typical organization’s costs are “people-related,” and the actions of these people determine the success or failure of an organization. Thus, the effective management of an organization includes careful attention to the perceptions and attitudes of the people in the organization.

A process of data collection, analysis, interpretation, and use is described here.

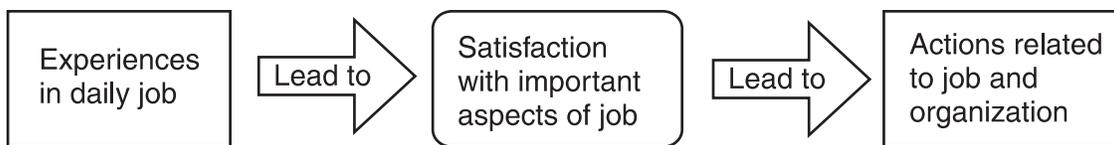
SURVEY REQUIREMENTS

An organizational climate survey should encompass accurate, quantitative information about employees’ satisfaction or dissatisfaction with factors in the job environment; guidelines for evaluating problem areas; prioritized sets of action plans; a convenient

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and condensed report format; and guidelines for structured data-feedback sessions. The survey should provide information in such areas as perceived quality of products and services, evaluation of supervisory-training programs, satisfaction with pay and benefit programs, employees' evaluation of job-design factors, and so forth.

A survey should be composed of *satisfaction items* and *climate items*. Satisfaction items address factors such as satisfaction with job, promotional opportunities, recognition, supervision, and type of work. Climate items address perceptions of more specific events in the daily work environment, such as the promptness with which problems are handled, the fairness of work distribution, understanding of work assignments, how different groups work together, attention to safety, and so on. The rationale for using these two types of items is that experiences (climate) in the daily job lead to satisfaction with important aspects of the job, which lead to actions (behaviors) related to the job and organization.



Often, employees identify problems and leaders identify solutions. Unfortunately, these solutions often do not match or resolve the problems. A survey should provide management with a list of the types of actions that employees perceive as necessary to deal with the identified problems. This helps to ensure a higher success rate for management actions. It is highly recommended that management report significant findings of a survey to the employees. This reflects management's interest in employee concerns and ideas and also provides management with the opportunity to clarify any questions concerning the responses to some survey items. In addition, employees can express their ideas regarding additional actions that should be taken to address the identified problems.

THIRTEEN STEPS IN THE SURVEY PROCESS

There are thirteen recommended steps in the survey process.

1. Top Management Commitment

The most important step is to ensure that top management is committed to being involved in the process and to taking action on the survey outcomes. This does not mean creating action plans to solve all the identified issues. It means prioritizing the issues in terms of importance, committing resources to their resolution, and communicating the planned actions to all survey respondents.

2. Focus Groups and Interviews

In larger organizations, it is useful to sample the target population and glean from it a sense of the real issues in the organization and their intensity. This is accomplished by facilitating focus groups (lasting seventy-five to ninety minutes each) and—for the higher level management team—completing individual interviews of approximately forty-five minutes to one hour. One can use a standard protocol for both interventions; obtaining specific examples of the problem issues is always helpful. In this manner, one can be more certain of inter-rater reliability. Good listening and communication skills are essential in this step.

3. Review of Organizational Issues

Once the interview information is summarized, a basic pattern of key organizational issues typically surfaces. These issues are then prioritized and presented to the top-management team for review and discussion. The results of this meeting should include agreement and commitment from the team to take action on the key issues that surface from the survey results.

It is extremely important to emphasize to the top-management team that it should avoid probing into areas that it has no intention of changing. Surveys create expectations on the part of the respondents. If no action is taken by management, the respondents typically feel that they have been “used,” and the likelihood that one will get meaningful input from them in the future is low at best. Furthermore, if no action is taken (or explained) employees learn to mistrust management.

4. Survey Design

In this step, the design of the survey draft is completed. Typically, an internal or external consultant works with the members of the organization to craft the draft. The agreed-on content areas (e.g., communication, job tasks, compensation and benefits, intergroup relations, management, supervision, advancement) are detailed. The team creates a list of specific statements for each of the content areas.

Open-ended statements also should be included. Four useful statements are 1) What I like about . . . ; 2) What I dislike about . . . ; 3) The one thing I would change is . . . ; and, 4) Other. Details on the construct of survey-scaling techniques, stem construction, instructions, cover letter, and so on can be found in texts (e.g., Alreck & Settle, 1995; Babbie, 1993; Bicos, 1990; Kidder, Judd, & Smith, 1992; Martin, 1982; Marks, 1981; and Wilkerson & Kellogg, 1994) and existing surveys. The preliminary design of the types of reports to be presented to management and nonmanagement personnel are also drafted during this step.

5. Top-Management Review and Approval

Once the draft is finalized and approved by the survey-development team, it is presented to and reviewed by the top-management team. At this meeting, it is important to gain

agreement on the types of reports that will be presented to management and nonmanagement personnel. It is useful to have the top-management team first complete the survey and then discuss it. After top managers have offered suggestions for change, the survey is finalized and is ready for administration to the identified target population.

It is also useful to discuss with the management team the confidential nature of the survey. That is, within thirty days, each functional head (e.g., manufacturing) will have a specific report of the survey outcomes for his or her department and a report of the survey outcomes for the overall organization. Only the key executive will receive *all* the reports for all the departments. This approach minimizes any friction or competition that might otherwise be created between the functional heads. On the other hand, the functional heads should be encouraged to share their information with one another if they so desire.

6. Administration of the Survey

A question frequently arises regarding how many participants should be included in the survey. Statistically, if the organization has 1,000 employees or more, only 10 percent of the population (a cross-section sample) is needed to gain excellent validity and reliability results. However, most organizations prefer to use a much larger population.

There are numerous approaches to survey administration. One can identify specific computer terminals and have the respondents use them to input their data, or the surveys can be mailed to employees' homes for completion. The best route is to administer the survey on organizational time, at the organizational site, within a one-to-three-day time window. This tight administration time minimizes the "leaking" of the survey content to those who have yet to complete it. This approach also helps to ensure a high level of participation and completion of the surveys in a timely manner. An executive from the organization can be used to introduce the survey to the respondents.

7. Data Analysis

Once the surveys are completed and collected, the data-entry process begins. The resulting data are used to prepare the reports that management has indicated it wants. This includes a presentation of the open-ended statements and the predictor-analysis results (the predictor analysis is discussed later in this article). The responses to the open-ended statements are content analyzed to create the appropriate information.

8. Presentation of Survey Results

Within thirty days of completion of the survey, the results are first presented to the management team, then to the nonmanagement employees. It is important to have members of the management team either present the findings to the nonmanagement members of the organization or be present when the results are presented.

Nonmanagement members of the organization are invariably interested in knowing what actions will be taken, based on the survey results. It is important to let them know

that such information will be available as soon as action plans are finalized. It takes time to develop action plans, and to attempt to do so too quickly can undermine the intent of the process—to effect meaningful and appropriate change. Furthermore, there is more work to be done before the action plans are developed.

At this point, the top-management team must decide whether to accomplish the steps nine through thirteen internally or to have an outside resource facilitate them. If the steps are to be done internally, the management team must be trained in how to accomplish them.

9. Gaining Clarity on Survey Issues

In order to answer the question, “What did you mean when you said . . .,” it is necessary to facilitate a series of focus groups and interviews with a sample of the survey population. This is necessary in order to gain clarity on the specific issues, functional area by functional area, and their intensity within each of the content areas. Typically, the issues vary from one functional area to another. This necessitates the development of different action plans and the allocation of different resources. Once these issues are validated by the respondents and reviewed by the management team, the development of action plans is the next step.

10. Development of Action Plans

The development of action plans begins with the top-management team. It is important that its members be made aware of and commit to the planned events that will generate a set of action plans—plans to which they must commit time and organizational resources.

Action plans are best developed by first identifying teams within each of the functional areas—teams that are empowered to invest time in this important work. It is useful to invest time with these teams to facilitate team building (goals, roles, procedures, and interpersonal functioning). This investment invariably results in the teams’ learning how to function more effectively.

The specific action plans developed by these teams are framed within the context of what the organization’s culture, strategic and business plans, and resources will permit. Through a consensus process within each team, the teams develop a set of action plans for each issue. Each action plan is detailed to include (as a minimum) the following:

- Identification of the needed resources,
- The person with primary responsibility for implementing the action plan,
- A timetable for implementation,
- Progress-reporting dates, and
- Identification of the resources necessary to implement the action plan.

Once the action plans are completed and agreed to by the team members, they are submitted for management review, modification (as appropriate), approval, and implementation.

11. Top-Management Approval of Proposed Action Plans

At this stage of the process, top management is ready to review, modify, and approve the action plans that the functional teams have developed. Once they are approved, one way to make certain that the action plans are acted on is to insist that each key executive—the top executive included—facilitates a formal review of the status of each action plan every thirty days, as a minimum. Having the top-management team keep the action plans on the “agenda” makes it more likely that those persons who are responsible for implementation of the plans will do so. Conversely, a lack of interest and commitment from the top-management team has a negative effect on action-plan implementation.

12. Employee Communication

One of the most important aspects of the process is ensuring that all employees are kept abreast of what is taking place in response to the survey results. Initially, this includes communicating the survey results and planned actions (both the development and the implementation of action plans) at meetings and through other media such as the organization’s internal newsletter and bulletin boards. As the implementation phase begins, it is important to use these communication “vehicles” to keep all employees informed of actions taken and planned. This communication process has the potential to enhance management’s credibility and serves to encourage employees at all levels to participate in a similar process in the future.

13. Follow-up on Implementation of the Action Plans

It is important for the internal or external consultant to periodically check as the action plans are implemented. This provides the consultant an opportunity to be updated on the progress made and to serve as a resource to the organization should there be any process or content issues that need to be resolved.

The thirteen steps in the survey process are shown in Figure 1.

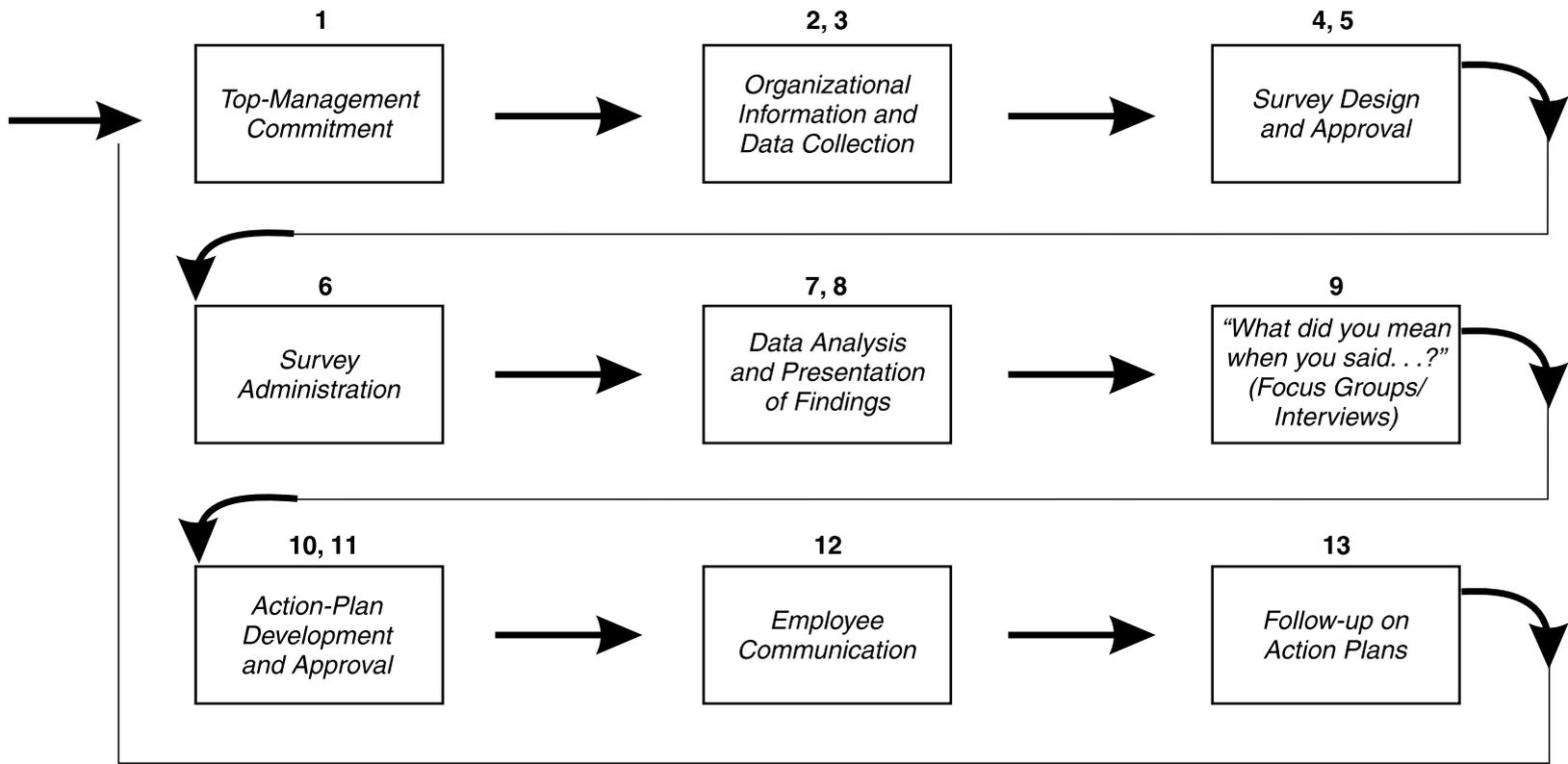


Figure 1. Organization Climate Survey Process

THE PREDICTOR ANALYSIS

An extension of the survey process is the predictor analysis. In this analysis, a core statement is used within each content area in the survey to statistically evaluate the other statements within that content area. The data analyses indicate which statements most and least influence the results of that content area. These data are powerful in that they provide the management team with an understanding of which activities they need to continue emphasizing and which ones they need to change—by content area.

The following is an example of the predictor-analysis process in which data from the Organization Readiness Survey was used. This survey is used to get at such important organizational issues as working conditions, communication, the job itself, rewards, and management.

For purposes of demonstration, let us assume that the *summary output* (overall organization level) from the survey revealed the following results. (A five-point Likert scale was used to collect the data; an example of the scale is shown below.)

Statistical Methodology

Strongly Agree					Strongly Disagree
1	2	3	4	5	

- Average of responses
- Percentage distributions
- 3.0 rating or higher is desired rating

The frequency distributions revealed the following results for the major categories shown. The same data were created at the group, division, and operating-unit levels of the organization. Further, demographic data (e.g., years with organization, employment status, ethnicity, sex) for each of these levels were created.

Survey Results by Category (examples of content areas only)

<u>Category</u>	<u>Summary Results</u>
Work Conditions	3.4
Communication	2.1
Job Itself	2.8
Rewards	2.7
Career Opportunities	2.6

Looking at the survey results by category, one sees that the communication content area is the one most below the desired norm (3.0). This information provides the opportunity to use the predictor analysis to determine which survey statements are contributing to and detracting from the low rating (2.1) for communication and,

therefore, the overall rating. As an example, some of the survey statements in the communication content area are:

Content area: Communication

1. I get my information about what is going on in the organization from management.
2. I am clear on how my job fits into my work unit's goals.
3. I have the opportunity to express my opinions to management.
4. This organization recognizes outstanding individual achievement of its employees.
5. I am usually informed promptly by management about matters that affect my position.
6. My suggestions for change are acted on.
7. Taking everything into consideration, I am satisfied with the communication process in my organization.

Within the communication content area, the core statement against which the others are statistically correlated is number 7, "Taking everything into consideration, I am satisfied with the communication process in my organization." From completing the correlation analysis and reviewing the results, it becomes clear which statements are most and least correlated with this core statement. For example, statements 1 through 6 are correlated with statement 7, creating the following results:

Correlation Coefficients					
Q1	Q2	Q3	Q4	Q5	Q6
-.2642	.7116	.8437	.2889	.3114	.2811

These results suggest that statement #1 is negatively contributing to the overall rating. The data also show that statements 4, 5, and 6 are—to a lesser extent—contributing to the low communication rating. The results also suggest that statements 2 and 3 are strongly contributing to the positive aspects of the communication rating.

These survey results confirm that specific actions need to be taken in order to improve the conditions described in statements 1, 4, 5, and 6. Further, the results confirm that specific actions need to be sustained in order to maintain or improve the conditions described in statements 2 and 3. Focused actions in response to these specific data would improve overall communication in the organization.

These statistical procedures can be replicated within each of the survey content areas and can provide the same kind of important information about those areas. This information can be most helpful for action planning and for the allocation of limited resources.

SUMMARY

The survey process is a powerful intervention tool, one that management can use to effectively identify the real problem issues that impact employees as well as the

organization's strengths. Furthermore, the predictor analysis provides the data necessary to pinpoint those issues and strengths and to indicate their intensity. Armed with this information, management is positioned to select which corrective and supportive actions to take, on a prioritized basis. The critical element in the success of this process is, of course, management's commitment and follow-through from the beginning to the end.

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■ POST-DOWNSIZING STRESS SYNDROME: FOUR LEVELS OF ISSUES FOR ORGANIZATIONS AND INDIVIDUALS

Linne Bourget

Abstract: We are facing unprecedented challenges in managing leaner organizations, building the ship as we sail. There is no panacea. Issues must be faced and resolved, including real market pressures to downsize. Many organizations are dealing with this in ways that cause great suffering for individuals and a major long-term loss of productivity for the organization. Some of this suffering is inevitable, but some of it is unnecessary. Understanding the four simultaneous levels of experience represented by downsizing can help us provide more effective consultation for our clients as they go through these difficult experiences. Seeing the four levels in a larger context can help employees garner some sense of personal power, rather than adopting “victim” attitudes. This article presents the consequences of downsizing and the four levels of issues. It also suggests interventions for each of the four levels of issues.

The pressure to raise stock prices and short-term productivity can push managers to cut jobs precipitously or to overcut, creating “corporate anorexia.” Long-term investment approaches, as exemplified by Buffett, have proven highly successful (Hagstrom, 1994), yet our addiction to the short-term in the U.S. still remains a major, unresolved issue.

The CFO of a billion-dollar organization told this author that if you pay attention to the people issues, the bottom line will always come out better. Yet this view is not widely shared, and much remains to be learned in organizations if downsizing and related changes are to be managed for both humane and financially productive outcomes.

CONSEQUENCES OF DOWNSIZING

Downsizings that are done quickly—with little planning or foresight and no input from those affected—are, of course, the most traumatic. Surprise and shock are added to the difficulty of the actual events. Often there are no perceived, objective criteria for why some employees are dismissed and others are not. This creates even greater fear, resentment, and uncertainty in the ending and restarting process of the downsizing.

Some of the resulting problems that occur frequently in organizations are as follows:

1. Loss of the best employees, who become anxious, fed up, overworked, and burned out and leave, even though their employers want them to stay. They often do not know how valued they are.

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2. Hiring these employees back as consultants or contractors, which may be more expensive in dollars even though the organization can report fewer employees.
3. Ignoring the research that shows that it is less expensive to keep employees than to hire and train new ones later. Often, the costs of this are not accurately calculated prior to downsizing.
4. Insufficient management and oversights from outsourcing as a result of staff shortages. These often cost an organization dearly in terms of time and quality, which translate to money. Unclear expectations, miscommunication, and other problems that would be corrected more easily and quickly with onsite employees are magnified when contractors are offsite.
5. Loss of institutional memory and lack of documentation. These can force an organization to spend time reinventing the wheel because none of the remaining employees can remember if “we have tried it before” or whether “it worked best this way.” This is especially true when people who worked in the organization before computers made it possible to document tasks are laid off; they take the memory of what worked and what did not with them. Frequently, they leave without any attempt being made to transfer their knowledge to the remaining employees. This hurts the organization and leaves the departing employees feeling inappropriately undervalued.
6. Overload, burnout, anxiety, and resentment on the part of the remaining employees. As their stress levels rise, health care costs per person increase dramatically. In the absence of clear, objective criteria for the layoffs and of a process to work through the endings, both those leaving and those remaining are traumatized. Those who remain suffer survivor guilt and worry about those who leave, consciously or subconsciously, as well as living in fear of losing their own jobs. They are uncertain about keeping their jobs, even if this is not an actual threat. All of this is going on while they are overloaded, often with new responsibilities for which they are given no training.
7. Pressures for “the urgent to preclude the essential” overtake strategic planning and management. As the strategic plan is shelved, managers tend to focus on operational problems rather than on ensuring that the problems solved are relevant to longer-term success. This is another symptom of our U.S. addiction to the short-term, urgent, crisis-management way of operating.
8. Time pressures that become the new coin of the realm. There is less time to develop and test products, to market, etc. Time pressures increase with the increasing rate of change. Technology is driving the speedup, but time is a fixed quantity. There are only twenty-four hours per day. Thus, the best use of time is a key to productivity. Many organizations are still underusing time, often with unclear expectations and incomplete or redundant communications. Unnoticed time-losing habits nibble away at efficiency, satisfaction, and energy.

9. The trauma and suffering of employees who leave. This effect is enormous and reverberates through their families and communities as well as through the organizations they leave.

MAKING SENSE OF THE TRAUMA: FOUR LEVELS OF DOWNSIZING ISSUES

It is painful to work with organizations and individuals who are suffering these consequences and to see the bewilderment, fear, and despair at all levels. One middle manager said, "In nineteen years, I have never seen senior management so scared." The framework of four levels of issues helps people to make sense of what they are going through, encourages them, and helps them feel less alone.

Level One: Economic Survival

This level of issue is talked about often and is the best understood of the four. The trauma for people who lose their jobs, for their families, and for the economies of their communities, is enormous. For many, it creates great fear and despair.

Some organizations wisely offer outplacement counseling and workshops on financial management, starting your own business, and other related topics. Working on the process of how employees leave a company financially is very important.

The more an organization does to minimize the trauma of those who are let go, the less traumatized and the more productive are those who remain. If they are not focused on the fear of losing their own jobs at any moment, they can focus on their work and think more effectively.

Level Two: The Shift from Jobs to Work

The traditional mindset of having a job is a source of security and identity to most people. In addition to worrying about money, people who have lost their jobs also are anxious about the changing nature of the marketplace. They are dealing with the issue of the shift from traditional jobs to a market in which we need to manage our own careers and think of our work as if we owned our own businesses. However, few people are prepared to go out and start successful businesses on their own after they are laid off. Learning entrepreneurial skills and perspectives is essential for dealing with this level, whether one wants to start a new business or not.

Having a sense of oneself as an independent and interdependent agent with valuable skills in the marketplace is essential in the new economy, for success and for self-confidence. The lesson that needs to be learned is about taking responsibility for one's own life, career, and relationship to the marketplace. The old dependent stance of taking a job and forgetting about career management and skill-building sets people up for unnecessary suffering.

Level Three: The Shift from Authoritarian to Collaborative Power

Around the world, we see a shift from authoritarian to democratic and collaborative power. With all its difficulties, it is part of the inevitable process to advance world peace. In organizations, it shows up as participative management, self-directed work teams, empowerment, total quality management, business process reengineering, and other approaches that send the message to employees that they are expected to offer more input and make more decisions at lower levels in the organization. Even with all the implementation difficulties involved, this trend is inevitable. Employees now expect more participation. Customers and strategic partners also expect greater consideration and involvement. Interdepartmental or interdivisional task forces abound. The collaboration message is spreading rapidly.

When a layoff that is initiated totally from the top down drops into this scenario, for which employees have no input or involvement, it affects the fundamental securities in their lives. This level of trauma is experienced simultaneously with the loss of economic security and the issue of surviving in a new economy. This makes the ending even more difficult to work through effectively; without help, it is unlikely that most people could land on their feet psychologically and financially.

The key in this level is to understand that the shift toward collaboration is going two steps forward, then one step back. The process is not smooth; we are on the frontier, building the ship as we sail. Even with all the messages of collaboration and the rapid spread of shared information as a result of technology, we are still vulnerable to top-down power used unilaterally and precipitously. It is very risky to forget that and be lulled into collaborative complacency. Living with the awareness will keep us more alert and more prepared. The purpose of this is to maintain a realistic awareness of what is going on in the larger scheme of things so that we do not feel so personally wounded by downsizings.

To deal with this level, employees should be given input into the process and the decisions. Finding ways to cut costs and minimize job loss is a possibility. Being involved and informed along the way greatly reduces the fear and trauma and sets a climate and norms for open discussion of issues rather than stunned withdrawal, which is not a productive response to trauma. Issues need to be discussed in the organizational community. Discussion groups facilitated by a counselor or consultant, informal chat sessions, encouragement to talk openly, and modeling of open communication by managers all are essential for a healing ending for those who are laid off and those who remain. Because everyone is affected, group sessions are an essential part of the process. Doing outplacement counseling only for individuals is necessary but not sufficient.

Not taking the time or spending the money to do these things will cost you far more than doing them, because the time and productivity lost as a result of fear and trauma are enormous. Employees will ventilate with one another, distraction and fear will result in errors, the fear of making errors in an unstable environment will result in more errors and less clear thinking, tasks will have to be done over again, and other nonobvious costs will arise.

One executive in a merger was concerned about long-time employees and the effect on morale of how they were treated during the merger and reorganization. He wanted to minimize downtime and trauma. The author advised him to handle everything with an open-door policy and to get employee input at least once on every major decision. This executive is an extrovert; he involved large groups in every aspect and decision of the change. In the final briefing to his CEO, the success indicator most valued by the CEO was the statement of the employees to the executive: "Please leave us alone now; we have work to do. Thank you for giving us our say in the reorganization. Thank you very much; we know it will work out." The implementation went quickly and smoothly.

Level Four: Being Hooked on the Short Term

The addiction to short-term results is part of the national psyche in the U.S. and is the key issue to be worked through for us as a nation as well as for our organizations. This continual quest for expediency holds authoritarian power together. Phrases such as "The urgent precludes the essential"; "Ready, fire, aim"; and "Hurry up and do it over" continually appear in our conversations, yet under the apparent joking lies a deep problem. Pressure to raise stock prices in the short term, laying off people precipitously without planning or participative process, and making the numbers look good in the short term are major symptoms. Current accounting and measurement systems do not even measure many of the key variables, such as post-downsizing downtime of traumatized individuals and suboptimized productivity and creativity.

Until we come to terms with focusing on long-term success as a key goal rather than focusing on the short term, creating very expensive trauma and crises, and then swinging back to another short-term management fad to fix the crisis, we are at risk economically and psychologically. Investors who focus on the long term have created great financial success; Warren Buffett is an example. Yet we act as if we are addicted to the trauma of short-term crisis. We must grow past this adolescent stage in our maturation process as individuals, in our organizations, and as a nation. Since we tend to learn our national lessons "by the wallet," our financial well-being is a key part of this lesson.

The key intervention for this level is planning. For downsizings, this means doing market and skills analyses to determine what skills and abilities will be needed for the next five to ten years. Then there is an objective basis for deciding whom to keep and whom to lay off. An objective set of criteria reduces the sense of rejection of those who leave and the trauma and fear of those who stay. Of course, training for the new skills should always be made available.

Cost analyses should be done, including the research about costs to dismiss current employees and costs to hire and train new employees with new skills or in new rounds of growth. The costs to the organization of the loss of good will should be included in the assessment prior to the downsizing announcement, as AT&T recently learned.

WORKING WITH THE FOUR LEVELS

Looking at the four levels together gives a clearer picture of what is going on, of why the anxiety and resentment are so great and the denial so rampant. A great disempowering temptation is to allow these simultaneous levels of trauma to push employees into victim modes. Yet these levels, difficult though they are, are indicators of world change and they present us with lessons we need to learn.

Despite all the trauma, there are some people who are glad to have a chance to leave their jobs and start new careers after downsizing. The lessons of constant personal responsibility for our careers and finances, of keeping ourselves valuable in the marketplace, of understanding the issues in the shift to collaborative power, and of facing the addiction to the short-term are right in front of us. Leaders and employees need preparation for dealing with these levels effectively. Both sets of roles are in turmoil, with new skills and perspectives required of all.

The role of consultants is to provide clarity, support, and guidance during these challenging times. This means working through these issues for ourselves as a foundation for helping others.

The interventions described for each of the four levels usually can be done simultaneously, depending on the organization's culture. The participative planning prior to downsizing is the one obvious exception, and is a good point for deciding the sequencing and blending of the interventions for the four levels.

In spite of the magnitude of the challenges, there is a sense of possibility when we step back and look at the larger picture. What we do with our power as individuals and as organizations has major consequences in all aspects of our lives. "We may not be able to control the wind, but we can adjust the sails."

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■ A NEW FORM OF COMPETENCY MODELING FOR LASTING BUSINESS RESULTS

Donna Fox, Jim Kennedy, and Susan Vitale

Abstract: The rapid changes required of organizations in our times give rise to a variety of organizational interventions. All must be accompanied by disciplined change-management practices. This article discusses how to combine organization development principles with new competency-modeling techniques to support business strategies. It describes six major steps and essential elements of the process, such as the future-search conference, gap analysis, workforce-strategy sessions, and the learning resource guide. Undertaking this as an OD effort rather than as an HR intervention will elevate the stature of the human resource professional as a partner in strategic business leadership.

THE CHALLENGES OF CHANGE

When the information systems officer of a large insurance company presented the case of his organization's process-reengineering effort as part of a conference panel, he closed with a powerful message: "The biggest learning on the leadership team was the realization that once we are all through changing, we are all through!"

There are few organizations today that do not face significant challenges in terms of the changes required for long-term survival and success. Strong environmental forces, such as globalization, increased market sophistication, and the rapid pace of technological change, preclude the luxury of stability. Organizations must engage in dramatic changes in order to respond to these environmental forces. Mergers, acquisitions, outsourcing, downsizing, process reengineering, and virtual organization models are some of the methods that organizations employ. Each method has nuances that make it unique, but all result in significant organization upheaval that must be addressed with disciplined change-management practices.

COMPETENCY MANAGEMENT AS AN ORGANIZATION DEVELOPMENT INITIATIVE

One result of these unsettling organizational changes is the drive to do more with less. Nowhere is this theme more challenging than in the dimension of human assets. As companies apply new technologies and significantly alter their business practices, often their goal is to reduce the head count. Even if this is not a primary goal, it generally is a side effect. Yet, for the new operating model to succeed, there is a compelling need to ensure that the individuals who remain are ready and able to address requirements for

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expanded capability. Organizations need proportionally fewer employees but require significantly more “value-added contributions” from those they do need.

Competency modeling is prevalent today because the massive restructuring of organizations and work processes motivates efforts to appropriately match or develop knowledge, skills, and attributes to align with the new work. Because the nature of work is changing dramatically and continuously, competency modeling leads to ongoing competency management as a critical human resource function. When viewed in a larger systemic context, the actual process of competency modeling, development, and management is an organization development intervention that impacts each individual and which should be designed and conducted with appropriate sensitivity.

A DEFINITION OF AND RATIONALE FOR COMPETENCY MODELING

Competencies can be defined as characteristics and capabilities that lead to success in a life role. In a business context, competencies are viewed as the knowledge, skills, and attributes that define exemplary performance in a specific work process. In a development sense, they represent the fundamental building blocks of individual and organizational capability. From a total market perspective, competencies represent the mission-critical human assets that are required to differentiate the organization successfully and ensure its prosperity.

Successful organizations effectively manage the congruence among business, technical, and human factors. Competency modeling is not only a people-development and management tool but also a business-management tool, to ensure that the most critical assets—human assets—are in place for the effective delivery of market value.

Some changes are easier and quicker to make than others. Business direction can be rapidly altered through a strategic leadership forum. Technology can be quickly purchased and installed. It takes considerable time, however, to develop people and align them with new organizational roles. Ironically, human assets generally require the longest lead time to change or improve (through staffing changes or development), but these activities typically are viewed as implementation details to be addressed sequentially, as the final step in the transformation process.

The application of both competency-management and competency-modeling processes differentiates average organizations from exemplary ones. By definition, competency management has become a key competence of the successful training and organization development (OD) professional, one that facilitates active involvement at the leadership strategy table.

A Nontraditional View of Competency Modeling

The traditional application of competency modeling is an expert-driven approach to analyze the statistical differences between exemplary performers and average performers, through a series of structured, blind interviews of job incumbents. This approach was developed in the early 1970s to overcome the hiring biases associated

with applicant aptitude testing and was very effective in doing so. For each job category, behavioral-proficiency descriptors are delineated that profile an ideal performer and are utilized for hiring and staffing decisions. Employees were interviewed about critical incidents on the job, in order to isolate the factors that distinguished the good from the best.

A key assumption behind the traditional methodology is that the current state of the work will remain relatively constant over time. This method focuses on identifying the skills and knowledge required to perform each job category, and jobs are assumed to be stable over the mid- to long term. This static, analytical, expert-driven approach, based on an assumption of stable jobs (in which a straight-line continuation of current conditions will be an accurate projection of the future) has limited applicability in today's dynamic environment.

For competency-modeling programs to have maximum impact in helping managers to make strategic decisions, a nontraditional approach is required. In contrast to the traditional approach, the new method needs to have the following characteristics:

Characteristic	Traditional	New
Environmental and Market Assumptions	Stable	Change
Orientation of Competency Profile	Today's Work	Tomorrow's Work
Basic Unit of Work	Job Category	Functional Role
Intended Use	Operational	Strategic
Methodology	Quantitative and Statistical	Heuristic and Logical
Approach	Subject-Matter Expertise	Process and OD Expertise

Lasting business results are a function of clearly defined competencies, both at the individual and organizational levels. When tied to specific, future business directions, the competency profiles become the basis for a distinctive competitive advantage.

For maximum return on the time and effort required to develop and implement a broad-based competency management program, the engagement of line managers in the competency-development process is essential. All too often, great competency models become filed art work. When developed and implemented as OD initiatives using sound

change-management practices, competency models will enhance the stature of human resource professionals as full-fledged representatives at business-leadership forums.

The following tells how a nontraditional approach to competency modeling can be designed and facilitated by the HRD professional, and focuses on several essential elements of the process.

GENERIC STEPS IN COMPETENCY MANAGEMENT/DEVELOPMENT

Viewing the competency program as a major OD intervention, there are six major steps required for successful implementation:

1. Understand how work processes have changed and will continue to evolve over time.
2. Identify the competencies required to carry out the work processes in the new environment.
3. Assess the proficiencies of the current workforce incumbents, based on the identified competency profiles.
4. Compare today's current competency levels with tomorrow's business requirements in order to identify any critical gaps.
5. Implement staffing and development plans to address critical gaps with strategic hiring and training investments.
6. Credential newly acquired knowledge and skills over time in ways that enable managers to ensure individual and organizational capability to address customer needs.

The process by which these steps are carried out is as important as the results. In approaching the work as an OD intervention rather than as a self-contained human resource project, the human resource professional must consider a number of important implications regarding how the modeling work is structured.

IMPLICATIONS

The following implications must be considered in order to increase the likelihood that the competency program will be successfully implemented and utilized as a critical business tool:

1. *Participative Organization Engagement.* Throughout the process of identifying the competency profiles, validating the models, and refining the implementation strategy, full engagement of the impacted organizations is key. Several methods of engagement are possible:

- teams of incumbents assisting in the development of the models,
- focus groups to validate the models,

- education of front-line supervisors in developmental coaching techniques, and
- broad-based communication to the entire organization.

2. *Visible Line Sponsorship and Active Involvement.* Positioning the competency-modeling effort with top management as a process and a set of tools to achieve business objectives is significant for maximum impact. Identifying a respected line manager to serve as a sponsor of critical pilot activity is essential to building program momentum and credibility. Working closely with a key business leader to produce early successes with the competency program helps to create a “pull” scenario so that other line managers desire the benefit of the same tools and processes.

3. *Pilot Validation of the Models and Processes.* Utilizing a learning-lab approach facilitates rapid model prototyping while developing organizational capability to extend the proven methods to a larger audience. Selecting a specific work function, geography, or industry segment enables learning, refinement, and rapid results.

4. *Systems View of Modeling Applications.* It is essential to keep a big-picture perspective. When viewed as part of the total business system, competency programs represent powerful levers to aid in achieving long-term corporate goals. The competency-management program becomes central to all other HRD systems and processes and provides valuable asset information to business strategists.

5. *Goal of Front-Line Self-Sufficiency.* Competency management must be viewed as a process, not as an event. As such, there is a need to increase the capabilities of front-line HRD staff and line managers in conducting ongoing competency assessments, confirmation, and developmental-planning activities. Up-front investment of time, systems, and resources to equip these individuals for their recurring roles sets the stage for an impactful program with a long life.

6. *Process Consultation vs. Subject Matter Expertise.* At times, when the developmental effort slows because of scheduling challenges or the need to reorient a large organization in the change process, the HRD professional may be inclined to take a short-cut and “do” something, rather than facilitate its doing. A nontraditional approach that is future-oriented and not job specific depends on a process-consulting style, not the subject-matter-expert approach. It takes a bit longer in the beginning, but lasts longer in the end.

7. *Changing the Role of Training.* As the competency program takes hold, there is a significant opportunity to change the traditional view of training and development to one of competency programs. This is more than subtle semantics. Rather than focusing exclusively on curriculum design and delivery, the training professional will be in a position to manage the competency infrastructure and to focus on aggregate, long-term needs analysis that is data driven and compelling.

8. *Optimizing the Allocation of Scarce Training Dollars.* Although this may have been difficult in the past, it will become possible. Strategic discussions about sourcing

versus training; decisions about outsourcing training; and the overseeing of just-in-time, modular, local training delivery will be high on the priority list of the HRD department. The competency program gives the HRD function the ability to be proactive rather than responsive.

APPLICATIONS

During the competency-modeling program, there are a few critical application opportunities in which the approach described and the design of the intervention can dramatically accelerate results and increase overall program impact.

The Future-Search Conference

Perhaps the single most important trend in competency-model development and implementation, the future-search conference engages key constituents in the articulation of future-capability requirements of the workforce.

Future-search conferences include cross-functional, multidisciplinary, leading-edge customers along with visionary leaders and exemplary performers to project future knowledge, skill, and attribute requirements based on business strategies, technology, customer needs, and market forecasts and conditions.

In addition to projecting future requirements, future-search conferences mobilize and energize the organization around a new set of operating expectations and requirements.

The most effective future-search conferences capitalize on the perspectives of a microcosm of the members of the organization. Included in such a session are key customers, strategy makers, exemplary performers, line and staff personnel, leading-edge thinkers, and technological gurus.

The major steps in conducting a future-search conference follow:

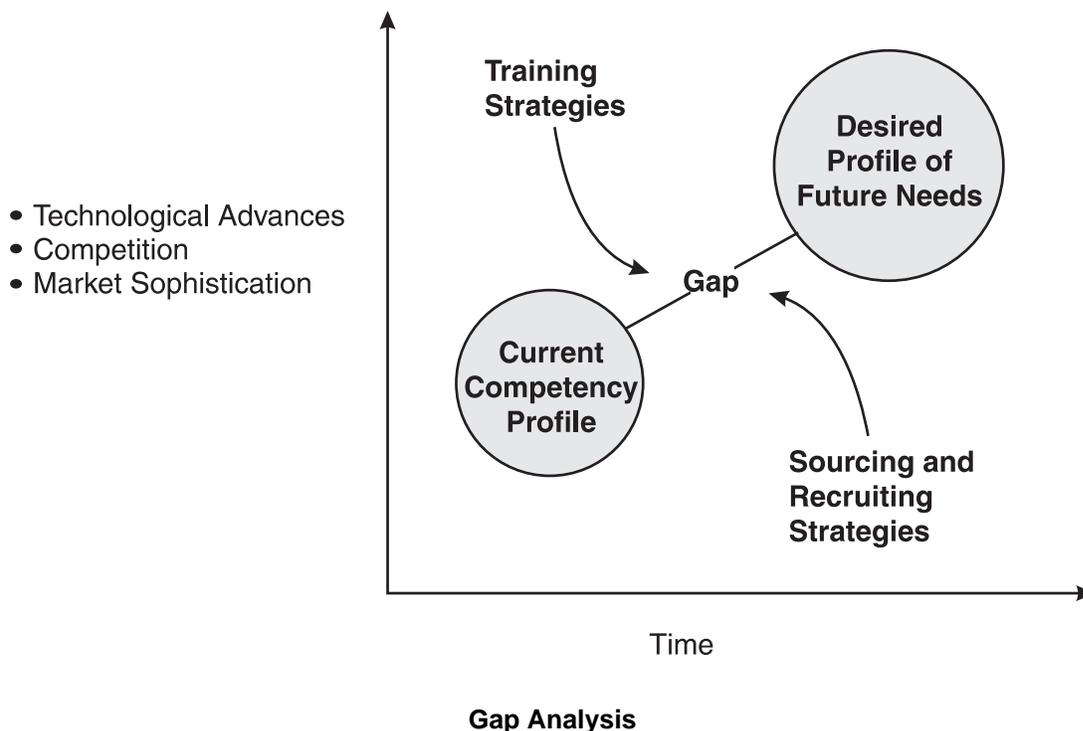
1. To arrange for a future-search conference, identify four or five subject-matter experts (SMEs) from various functional perspectives. Prepare them to individually present insightful trends and provocative challenges facing their functions or specialties. Each SME presentation should be approximately thirty to forty minutes in length. Sample specialty areas are technology, business strategy, competitive positioning, key supplier speculations, leading-edge customer requirements, the changing industry, market and economic conditions, and workforce demographics and trends. When possible, ask the participants to read pertinent, innovative articles about dramatic shifts in the industry or in business in general prior to the conference.
2. After orienting the participants to the work at hand, begin the conference by asking the SMEs to give their presentations about the future state of their categories. Their presentations should be disengaged from current issues and should provide inspiring, visionary views of the future in their areas of expertise.

3. The other participants engage in “guided listening,” hearing an SME’s presentation and then working in small groups to reflect on its content. At this point, they are helped to focus on the changing nature of the work, over time, with two or three guided questions in a structured-listening format. Usually, a three-year time horizon is appropriate for this creative process.
4. After all presentations have been made, the participants work in small groups to discuss the competency implications associated with the changing nature of the organization’s work, speculating on the greatest proficiency challenges the organization will face under the future scenario. The conference closes with the generation of a seed list of future competencies. This list is used as input for a final, future-based competency model for the organization.

The Gap Analysis

Gap analysis allows an organization to accurately analyze the difference between current competencies and those required for future market success. The gap analysis is conducted at various levels in the organization to provide organization-wide competency data as well as organizational and individual competency results. The gap analysis is done by completing an assessment of the current skills of the workforce and comparing them to the desired future levels. This results in a list of distinguishing strengths, as well as needs—which become training and sourcing priorities.

As the following graphic illustrates, a gap analysis marks the culmination of the competency effort. It provides the organization with hard data regarding its greatest strengths and its most glaring opportunities for improvement.



1. To provide input to the gap analysis, the organization completes an assessment of current skills for each individual.
2. The current skills are then compiled on an operations level and an organizational level and are compared with the desired proficiency profile forecasted as part of the future-search conference.
3. There are (at least) two outputs of the gap-analysis process. The first is a list of the largest competency gaps—the greatest disparities between current and desired competencies. The second is the identification of a number of strengths that can be leveraged, i.e., where parts of the organization possess competencies at or above the required levels.

Workforce-Strategy Sessions

Workforce-strategy sessions, essential steps in the implementation of the competency model, result in targeted “development” planning because they tie the achievement of financial results to the development of human capabilities. Workforce-strategy sessions provide opportunities from which to draw aggregate-level conclusions and to develop plans to address major competency voids.

Workforce-strategy sessions occur when an initial assessment of current workforce knowledge, skills, and attributes has been completed to create an organization-wide picture of major and minor competency gaps. During a facilitated workforce-strategy session, leaders from each part of the organization review the aggregate results and agree to a strategy for sourcing and development to address competency gaps and voids.

Workforce-strategy sessions can create alignment between functions, integrate business results with human resource functions, and ensure that the organization’s resources and energies are appropriately focused on critical development areas.

The participants in a workforce-strategy session are staffing and development managers, line-of-business (LOB) managers, and anyone who will take a leadership role in implementing organization-wide strategies in his or her operation.

The steps in conducting a workforce-strategy session are as follows:

1. Ask the intended participants to prepare a twelve-month customer configuration profile, a twelve-month personnel forecast, and a twelve-month financial forecast. If all participants are from the same business unit, this activity can be conducted jointly.
2. Begin the session by asking the participants to review their customer, personnel, and financial projections and to draw conclusions about the mission-critical skills that will be required of their workforce(s) in a year’s time.
3. Review the organization-level competency results and engage participants in a discussion about how the major competency gaps in the organization will impact their sites’/departments’/LOBs’ abilities to achieve their forecasted results. Ask questions such as:

- How much development can the organization sustain?
 - Where is recruiting likely to be a better option to bridge competency gaps?
 - Are there opportunities to share resources across sites/departments/lobs?
4. Devise a comprehensive strategy for the entire organization that clarifies which competencies are top priorities for development, where recruitment will be initiated to fill major gaps, and how resource sharing will occur to minimize skill outages.

The Learning Resource Guide

A learning resource guide is a compilation of all sources of learning and development available to employees, and is tied to the competencies for easy reference. The guide's focus is on learning that emphasizes the long-term development of career and business-critical competencies through a variety of resources beyond traditional classroom training.

Learning resource guides are created throughout the competency-development process and evolve as the model evolves in order to provide employees with access to and information about learning opportunities. Because a resilient workforce must drive its own development, an effective learning resource guide is designed with the end user in mind. Although managers and HR professionals at various levels will access the learning resource guide, the most frequent end user is anyone who will participate in development planning to improve his or her own competencies.

In developing a learning resource guide:

1. Have a subteam of the competency-development group locate learning opportunities and experiences for each knowledge and skill in the model. Encourage the designers of the guide to expand their thinking beyond traditional sources of learning, to include conferences and seminars, self-study programs, books, mentors, on-the-job opportunities, outside work experiences, special assignments, research projects, and task-force participation.
2. Ask managers to make repeated references to the guide during development planning. Ensure that managers are able to demonstrate its use and that they make it available to employees to help them become self-reliant in their own learning and development.

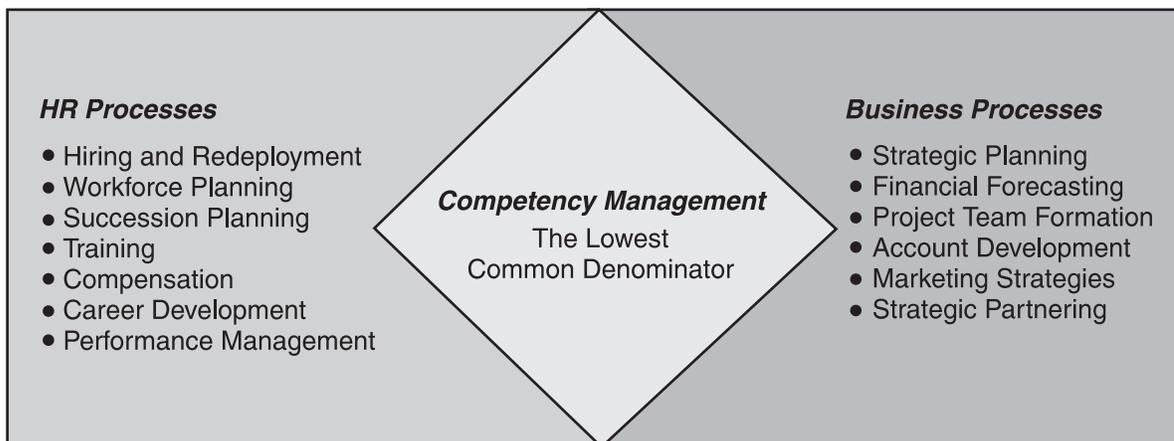
KEEPING THE PROCESS ALIVE

Competency management is a process, not an event. Competency profiles must be dynamic to ensure long-term applicability. There are a number of ways to make competency management an ongoing process:

1. Continually identify positive results that are directly attributable to the competency-development work and communicate these correlations to top management and to employees.
2. Build connections between the HRD and business-management systems. Incorporate the aggregate results of the organization's competency profile into the business-forecasting process, to ensure a readiness to address future business volume and type. Link competency results to marketing campaigns as a key organizational differentiator. Be present at strategic-planning forums, where competency data can influence critical strategic alternatives.
3. Regularly report aggregate "human asset" data to the CEO. Place this information on top management's organizational assessment reports and encourage them to depend on it. Many past transformation failures have resulted from a lack of understanding of the organizational profile.
4. Change the role of training and development to competency management and increase the capacity to provide the required program infrastructure. Even with a goal of front-line self-sufficiency, there will need to be a steering group to refresh the competency seed lists and supporting materials. The current training department is well-positioned for this work and will appreciate the increased stature that results from this new role.

ADVICE TO THE PRACTITIONER

Competency modeling needs to be effectively integrated into the fabric of existing HRD and business processes. In fact, as the following graphic illustrates, an effective competency-management program serves as the lowest common denominator that links an organization's business and HRD processes.



HRD professionals can utilize the systemic nature of competency management to elevate their status and impact with line business managers. To do so will require a close partnership between training and OD professionals and business managers.

Unless an organization is stable, and the work is constant and predictable, a nontraditional approach to competency modeling and development involves the following:

- Utilizing OD and change-management principles for successful interventions,
- Building future-based models using future-search conference methodologies,
- Focusing on functional work roles rather than on defined jobs,
- Transferring accountability for development from the manager to the individual, and
- Keeping the program constructively developmental in intent.

Competency modeling requires specific knowledge and skills. The HRD professional can benefit from knowledge of the organization and application experience. For the actual creation of the program and initialization of the first competency profiles, utilizing external specialists in a partnership capacity is wise.

Teach the organization (1) to recognize competency profiles as tools to facilitate a learning organization and (2) to view competency modeling as a tool for achieving greater organizational prosperity and long-term success in an environment of constant change. As such, it will greatly impact the presence of the HR professional at critical decision forums impacting future organizational direction.

■ THE SENSING INTERVIEW

John E. Jones

One of the early phases of organization development (OD) is diagnosis, and within this activity one of the most useful strategies is interviewing members of the client system. The purposes of this paper are to explore some general considerations about face-to-face sensing with members of the organization, to suggest some content and structure of such interviews along with strategies that the interviewer might employ, and to discuss some potential problems related to this activity. A number of sensing strategies are available to the OD practitioner, such as sensing meetings, organizational mirroring, and surveys. This paper focuses specifically on one of these strategies—the interview between the change agent and a member of the system with whom he or she is working.

GENERAL CONSIDERATIONS

Objectives

Three major purposes are served by the sensing interview. First, the interview serves the aim of generating data for organization diagnosis. These data supplement and expand data from surveys and observations. They are subjective and “clinical,” in the sense that they are data that are generated in the language of the members of the client system.

The second major objective of the sensing interview is to clarify the data that are generated. The OD consultant can check out his or her understanding of the system with the people who constitute the client group.

A third major objective is to increase ownership of the diagnosis by involving members of the client system in generating the data from which the diagnosis is to be made. One of the chief objectives of organization development in general is to increase ownership of the organization through involvement that leads to commitment. As opposed to the more impersonal survey, a face-to-face interview involves people directly in deciding what is to be looked at in order to determine what is to be done.

A number of incidental effects can occur as a result of sensing using the interview strategy. One can observe a cathartic effect—that is, interviewees can feel better as a result of having “gotten things off of their chests.” A second incidental effect may be that people being interviewed may crystallize their points of view more than if they were simply surveyed through the use of inventories, questionnaires, and rating scales. The effect of the intrapersonal clarification may be to increase and heighten the awareness of

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organization development as a problem-solving intervention. A third effect may be for people who are going to experience a team-building session to rehearse some of the attitudes and points of view that need to be talked about in the session itself. Talking over one's concerns with a facilitator may make the issues less threatening to discuss in the team-building meeting itself. These incidental effects are not primary objectives of the sensing interview, but they are important considerations that the facilitator needs to keep in mind during this activity.

Advantages

The sensing interview is a major component of the diagnostic phase of an OD effort for many compelling reasons.

1. *Understanding.* The interviewer checks out his or her understanding of what the respondent is saying, interpreting the interviewee's response in that person's frame of reference.

2. *Amplification.* Responses can be expanded by soliciting examples and further explanation on the part of the person being interviewed. This is seldom possible in using more objective sensing methods.

3. *Checking Assumptions.* The change agent can check out the expectations of the interviewee as well as any personal expectations brought to the interview situation. The assumptions that each is making can be clarified and talked through in order for the intervention to be accepted by those people who are involved in the change strategy.

4. *Discovery.* It is possible in the sensing interview to uncover problem areas that were unknown to the practitioner prior to the data-gathering phase. Sometimes questionnaires do not unearth some of the commonly felt and real concerns.

5. *Supplementation.* Data from sensing interviews support and supplement data from other sources, such as observation of meetings and survey techniques. If the same phenomena emerge from several data-gathering techniques, then the data support one another (Lawrence and Lorsch, 1969).

6. *Language.* The language of the sensing interview is the language of the interviewee, not that of the OD consultant. The advantage of this is to make the diagnosis more acceptable to the people who take responsibility for the development of the organization.

7. *Credibility.* Data gathered from sensing interviews are often more credible than data gathered through instruments. The people who are to participate in the diagnosis need to believe that the data are useful and, to a degree, truthful. If they have participated in the generation of the data in a "live" sense, they are more likely to place faith in the information.

8. *Contact.* The act of interviewing members of the client system provides an opportunity for personal contact between the agent of change and the members of the

client system. This act demonstrates graphically that the individual person in the client system is important.

9. *Sharing.* Sensing interviews help to establish the norm of person-to-person sharing. This is important in team-building and other OD interventions.

10. *Openness.* The understanding atmosphere of a private interview can heighten the openness of response of the person being interviewed. When people feel that they are being understood, they are more likely to be candid.

11. *Rapport.* It is more possible in the sensing interview than in surveys to establish rapport between the respondent and the OD practitioner. This relationship is critical for the success of the interventions that are being contemplated.

12. *Detaching.* One result of sensing interviews may be to detach the interviewer from becoming part of the problems he or she is attempting to diagnose. The interview offers the opportunity to explain the interviewer's role in the process.

Disadvantages

No strategy that has so much promise can be without drawbacks. Following is a list of the major disadvantages of using the sensing interview in organization diagnosis.

1. *Expense.* Sensing interviews are expensive in terms of time, space, and staff. It takes about an hour in a private space with each staff member to use this technique.

2. *Goals.* Sometimes it is difficult in a sensing interview to stay away from counseling/therapy concerns. The goals of the interviewer may not be shared by the person being interviewed.

3. *Comparability.* The data gathered from sensing interviews are not directly comparable to those gathered by other methods or by other interviewers.

4. *Data Reduction.* Data generated in interviews cannot easily be standardized or summarized. Careful analysis is required to determine the comparability of statements across interviewees and across interviewers, and sometimes data get lost in the summarizing process.

5. *Threat.* To be interviewed constitutes a potential threat on the part of the respondents. It is incumbent on the change agent to be sensitive to the possibility that people being interviewed may be doing so involuntarily or reluctantly.

6. *Accessibility.* In some organizations, people are not physically present in the same building at all times. In these cases, it is very difficult to gain access to the people who need to be interviewed as a part of the organization diagnosis. On balance, there are more advantages to using this technique than there are disadvantages. The sensing interview approach is a powerful intervention into the life of an organization, and it is important that the OD practitioner be aware of some potential disadvantages as well as the advantages of using this approach to sensing.

Variations

The sensing interview can be carried out in a private, one-to-one situation, or it is possible to interview a group of respondents simultaneously. The advantages of the one-to-one strategy are obvious, in terms of depth of response, checking out understanding, confidentiality, etc. The advantage of the group interview is to test out the commonality of perceptions of a number of people in a live fashion. If a particular statement is validated by several people in a group interview, that statement takes on a great deal more potency in diagnosis than if it simply represents the point of view of a very small minority of people.

Another variation of the sensing interview is to have more than one interviewer. The advantage of this is to compare notes and to be more alert to potential misunderstandings; the disadvantage is that the team approach may constitute a threat to people being interviewed.

When team members are not physically accessible, sometimes it is possible to conduct sensing interviews via telephone. The disadvantage of this approach is that it cuts out nonverbal communication, and it is less personal than the face-to-face encounter of the practitioner with members of the client system.

Another variation consideration is the extent to which the interview itself is structured. One may have, in effect, a questionnaire that is administered orally to members of the client system. Alternatively, some general questions may be used as guidelines for potential exploration, or the entire interview may be unstructured.

The approach to the interview is partly a stylistic concern, but it may also be that in the later stages of organization diagnosis, highly structured interviews might be more appropriate than in early exploration stages.

Environmental Considerations

A number of concerns need to be borne in mind as the facilitator prepares for, engages in, and analyzes the data from sensing interviews. The environment of the interview room and the organization milieu in which the interview takes place need to be taken into account in a sensitive way in order for the interview to be effective.

One intra-interview concern is confidentiality. It is important that the interviewer establish clearly with the person being interviewed the expectation that the data are going to be published. The limits of confidentiality need to be explained carefully so as to ensure frankness and to ensure a commitment to work on the diagnosis once the data are generated. The usual approach is to establish the expectation that the data will be published anonymously; that is, no person will be quoted by name.

The setting of the interview itself can establish some climate qualities that work against the effectiveness of the interview. It is important that the interview take place in a private, comfortable setting and that the people involved in the interview not be interrupted during the process.

Voluntariness is another major concern. The person being interviewed may not have a choice as to whether or not to share information with the consultant.

Acknowledging this condition sometimes helps to produce greater candor on the part of the participant, and a condition of reluctance may have diagnostic value.

Another environmental condition is the attitude that members of the client system have toward interviews and interviewers. People may come to the interview cautiously because of the general tendency of people to distrust those in the general psychological arena.

Finally, the entire psychological climate of the organization impinges on the sensing interview. People are likely to respond to questions in the interview not so much from their own unique perceptions but from the commonly held perceptions of their work group. In order for the interviewer to be effective in generating data that can be useful in organization diagnosis, he or she needs to be sensitive to the environment created in the interview situation as well as the psychological milieu with which the respondents ordinarily work.

CONTENT AND PROCESS

Although the areas to be explored may vary in different sensing interviews with different teams at different times, a number of general dimensions are specifiable. Generally, the sensing interview questions elicit responses about specific areas of discussion rather than highly specific data of the sort generated by other methods. It is useful to begin the interview with questions that are anticipated to result in relatively little threat and to move toward more sensitive areas later in the interview, when presumably a higher level of rapport has been achieved. The sequence of questions varies from person to person, and the list of sample questions that follows is designed to be instructive rather than directive.

The following are examples of questions that can be used in a sensing interview to explore nine areas of concern in organization diagnosis. This list is based in part on illustrative questions provided by Argyris (1970, pp. 296-7):

1. *Roles.* What areas of responsibility do you have in this organization? What roles do you ordinarily play in this work group? How would you describe your job to another person?
2. *Goals.* What are you trying to get done on your job right now? What short-term goals do you have for your job? What personal goals are you meeting at work? What are your long-range career goals? What do you want to be doing ten years from now? What kind of work would you like to be doing next inside this organization?
3. *The Job Itself.* What do you see to be the predominant positive aspects of your job right now? What are its negative aspects? What parts of your job have the most personal meaning for you? What things do you do that seem not worth doing? What areas of responsibility might you have that you don't now have? What things do you do that might best be done by someone else?

4. *Organization.* What is it about this organization that contributes to your effectiveness on the job? What factors around here hinder your performance? What makes it worthwhile to work for this organization? Why do people sometimes leave?
5. *Interpersonal Relations.* How would you characterize your relationship with your supervisor? What kind of relationship do you have with other people at your same level in the organization? How effective are your relationships with your subordinates?
6. *Interpersonal Perceptions.* What are the predominant characteristics of your supervisor? What would you see as his or her most noteworthy trait? How would you characterize the other people who are at the same level in this organization as you are? What kinds of subordinates do you have? What are their major personal characteristics? What shortcomings do you see in your subordinates? How do you measure yourself against the characteristics you perceive the other people in your work situation? What are your major strengths and shortcomings?
7. *Work Team.* What are the major problems facing your work team right now? How are decisions made in your team? What is the most serious concern that you believe the team needs to face at this time?
8. *Changes.* What changes do you believe that your supervisor needs to make right now? What do you believe ought to be changed by your work team right now? What changes would you like to see made on the part of the people whom you supervise? What changes do you believe you should be making right now?
9. *Here-and-Now.* What feelings do you have about this interview? How are you feeling about the organization development project? What feelings are you experiencing in relation to the publication of the interview data? What is your attitude about the upcoming team-building session? How have you been feeling during this interview? What kinds of feelings do you have about me and what I am up to?

It is important that these questions be explored rather than simply asked. The person hearing the questions may not interpret them in the same way as the interviewer intended them. For common understanding to be experienced, it is critical that the questions be phrased in a non-threatening manner and that they be checked for understanding.

Interviewer Verbal Techniques

Three primary sets of verbal techniques are employed by the sensing interviewer—probing, understanding, and supportive.

Probing Responses

The list that follows illustrates some of the various variations of “probing” responses on the part of the interviewer:

1. *General leads.* This category includes nonspecific questions such as “What part do you play in this organization?” and other topic-oriented inquiries. It is important not to ask these questions in a way that implies a particular acceptable response.

2. *Binary questions.* In general the interviewer should avoid questions that elicit a yes-or-no response. This tends to limit the discussion of a particular area by shutting off discussion rather than opening it up. It may be more useful to rephrase these questions in terms of degree; for example, the interviewer might ask, “How happy are you with your job?” rather than, “Are you happy with your job?”

3. *Follow-up leads.* It is sometimes useful to begin the discussion of a given area with a general lead followed by a number of more specific questions that explore details of a particular area of interest. These leads are timed according to the responsiveness of the person being interviewed.

4. *Cue-exploration leads.* Often people being interviewed signal that there are particular things that they would like to talk about. These cues need to be picked up and explored if they are relevant to the objectives of the interview. The pacing and direction of the interview should be largely responsive to the cues—verbal and nonverbal—that the interviewee gives. Rather than switching topics too abruptly, the interviewer should make bridging comments that indicate the direction that the questions are going.

5. *Continuation leads.* These questions are designed to get the interviewee to continue talking about a particular point of view, topic, or set of information.

6. *Amplification leads.* The interviewer needs occasionally to ask the interviewee to give more information on a particular topic by explaining and further amplifying the issue at hand.

7. *Testing.* Occasionally the interviewer needs to confront the person being interviewed with assumptions that the interviewer is making. This gives the interviewer the opportunity to test out the hunches that are emerging during the interview.

Understanding Responses

In addition to a variety of leading strategies that have been listed under the general category of probing, there are a number of response options available to the interviewer that can be classified under the heading “Understanding.” The list that follows is a compilation of the four major styles that can be used to indicate and foster an understanding atmosphere inside the interview setting.

1. *Restatement.* This is simply a replay of the statement that the interviewee has just made. It is a repetition in word-for-word fashion of the statement of the person being interviewed.

2. *Paraphrase*. This technique is closely related to restatement; the significant difference is that here the interviewer demonstrates understanding by paraphrasing what he or she hears.

3. *Reflection*. This is a “mirroring” technique in that the interviewer plays back the feelings that he or she believes are being experienced by the interviewee. This means responding not only to the words being said, but also their context. Reflection of feelings can be an extremely powerful technique for making the interviewee feel understood.

4. *Summarization*. It helps from time to time for the interviewer to integrate the sets of data from the person being interviewed in the form of brief summaries. This fosters a climate of understanding and produces a greater respect for the interviewer.

Supportive Responses

It is critical for the interviewee to perceive the change agent as a person who is capable of understanding him or her, and the frequent and liberal use of these understanding techniques can be highly effective in generating this perception. In addition to the probing and understanding techniques that have been listed, the following verbal behaviors can be classified as supportive:

1. *Sharing*. Sometimes the interviewee needs some support from the interviewer in order to continue the discussion of a given area. When the interviewer briefly shares an experience, point of view, or attitude, the interviewee can feel that he or she is not the only one who feels a certain way.

2. *Consoling*. Although it is patently ridiculous for the interviewer to say “I know how you feel,” such a statement can often serve as a means of indicating that the interviewer wants to help the person being interviewed to feel better. Consoling or sharing one’s feelings of concern for the other person can be effective when the person being interviewed is feeling threatened.

3. *Expressing caring*. Interviewing is not a mechanical, impersonal activity. Sometimes it is functional for the interviewer to express whatever caring he or she feels about the person and the person’s situation. This is largely a stylistic matter, but it is important to consider that the data are no better than the perceptions of the relationship formed by the two people engaged in the interview.

Relationship is more important than verbal technique. An interviewer can make a number of technical errors in phrasing questions, following up cues, and so on, if he or she has a high rapport with the interviewee. An interviewer must be willing to experiment with interviewing styles and be able to learn from the experiences. It is often helpful to record some interviews for later analysis of style. It is particularly helpful to videotape one or two interviews and have them critiqued by a colleague.

Sequence

The process of the sensing interview is aided considerably by planning. A suggested logical sequence of activities involved in a sensing project that uses interviews is described in the following section. The seven steps are carried out in the following order:

1. *Preparing oneself.* Before the sensing project takes place the OD practitioner needs to do background research on the system, on individuals within the system, on problems being experienced within the system, and the current state of the organization. This can be done by reading recent memos, minutes of meetings, and working papers. Another approach is to conduct casual interviews with staff and a variety of other people in the immediate environment so as to be more sensitive to the people being interviewed. It is helpful to study the organization chart to avoid asking basic informational questions while the interviews are running.

2. *Preparing interviewees.* It is critical to consider the manner in which interviews are scheduled, announced, and introduced to the people to be interviewed. Sending out a memo may reinforce one-way communication. It is important that the person who is going to conduct the interviews clarify the goals of the sensing project and of the intervention of which sensing is a part.

3. *Opening the interview.* If the interviewer and interviewee have not met each other, some exchange of information about how they relate to the organization may be useful. Some brief reiteration of the goals and procedures needs to be done. In addition, the limits of confidentiality need to be stressed, and from the beginning a norm of work needs to be established and maintained. Small talk is sometimes useful at first to break the ice with the interviewee, but it is important to establish the expectation from the beginning that time is important. Plans to take notes or tape record the interview need to be explained in the beginning.

4. *Working on data generation.* During the body of the sensing interview it is important to keep eye contact as much as possible, to acknowledge the other person as a human being, to be careful to be unobtrusive in taking notes and recording, and to be skillful in probing the topics that need to be explored. In addition, the interviewer needs to remember to communicate his or her understanding of what the interviewee is saying.

5. *Closing the interview.* It is often difficult to end an interview, particularly if the person being interviewed is highly verbal. A number of techniques are available, including summarizing, restating the objectives and the next steps that the diagnosis process is going to entail, standing up, shaking hands, and walking out. It is important for the interviewer to bear in mind that he or she has primary responsibility for ending the interview in a comfortable, businesslike way. It is sometimes unsettling for the interviewee not to know when the interchange is over.

6. *Analyzing the data.* After the set of interviews is completed, the practitioner needs to do a kind of overview analysis to discover the trends in the data. If all the

people interviewed have been asked comparable questions, the interviewer may be able to do a quasi-statistical summary of the responses. It is important during this analysis phase that the interviewer remain detached from the analysis and avoid translating all the data into his or her own theoretical system.

7. *Publishing the analysis.* Publication can take a number of forms, such as posters and reports. It is important that direct quotations from interviewees be imbedded into the publication without violating the confidentiality expectations of those people. It is highly advantageous to publish the analysis in a face-to-face way in a meeting or in a conference. In all cases, the analysis of the data should be shared with all the people who were interviewed. It is important that each person know what form the publication is going to take before he or she is interviewed.

This sequence implies that from the beginning both the interviewer and the interviewee are going to collaborate in a data-generating task that is going to result in the interviewees' collectively diagnosing what needs to be done inside their own system. What is reinforced from the beginning is a collaborative effort to generate all of the information that is needed in order to provide the client system itself with the means of diagnosing its needs for internal change.

POTENTIAL PROBLEMS

A number of problems can be encountered in conducting sensing using the interview method. The most prominent of these are discussed in the following section, with responses for each. It is important that the change agent bear in mind that how he or she is received and how members of the client system react to the sensing intervention constitute a separate set of data that may be highly relevant in organizational diagnosis. The problems that are encountered in assisting the organization in its diagnosis can be instructive to the system in looking at its own internal functioning.

The person being interviewed may experience a number of feelings that make an interview difficult. If the interviewee is hostile, frustrated, pessimistic, or defensive, it becomes very difficult to get valid information. It is sometimes helpful to explore these feelings directly within the interview, in order to legitimize them. The interviewer should be careful not to give the interviewee the message that these feelings are not acceptable. Instead, negative feelings become a part of the organization self-diagnosis. Talking about the feelings straightforwardly sometimes can result in a higher level of rapport between the interviewer and interviewee. Denying or avoiding feelings can result in increased tension and heavy distortion of the interview data. A norm of not facing such data can be inadvertently established.

Occasionally a person being interviewed will attempt to "turn the tables" on the interviewer and begin asking questions. This situation can be very frustrating to the OD practitioner, and a constructive response is necessary. It may be useful simply to name the process that is being experienced and to stress again the objectives of the interview. The experience should be goal directed, and the direction should be in terms of data-

generation toward organizational diagnosis rather than toward instructing the person being interviewed.

The interviewer may experience some pressure to violate the confidentiality of previous interviews. People being interviewed may ask direct questions such as “What have they been telling you about this place?” The interviewer should assiduously avoid getting seduced into sharing information that is confidential. It should become apparent by the interviewer’s response that every person interviewed can expect to have his or her information treated with respect. It is also important to avoid a judgmental attitude in responding to such questions—that is, the interviewer should avoid punishing the person who is asking him or her to behave unethically.

A sensitive area of interviewing relates to the cues that interviewees often give out during the encounter. Often people indicate that they would like to get involved in a private, confidential, quasi-therapy interchange. Sometimes the experience is straightforward, that is, direct advice is sought. In such cases it is important for the interviewer to stress again the objectives of the sensing interview and avoid changing the aims of the encounter. The interviewer may set up another appointment to talk with the person about these more private concerns, may refer the person to someone inside the organization who is equipped to meet such needs, or may briefly respond to the concerns that the person is expressing. In all cases, however, the interviewer should remain clearly committed to working through the data generation for which the interview was scheduled. The fact that there are people in the organization who are in need of counseling or therapy assistance can be of diagnostic value, but it is important that the facilitator not be coerced into the situation of receiving confidential information that cannot be published. The interviewer’s integrity requires that he or she be able to report what is said.

Sometimes people being interviewed come into the session having their points of view contaminated by previous interviewees. Data about the interview process can bleed across interviews. If the change agent becomes concerned that this may be happening, it is helpful to discuss these perceptions with the people being interviewed. It may be suggested that the interviewees not discuss the content of the interview with one another, or in some cases that they deliberately open up a discussion of issues outside the interview hour.

Denial, lying, and other deceptions are a serious concern to the OD practitioner using the interview sensing approach. However, it is important in the interview not to confront people with the suspicion that they are not being truthful. The interviewer may simply note his or her own impressions and discount the data that is generated. The interviewer is not a detective and not responsible for establishing the truthfulness of what people say. In one sense everything that is perceived is real and becomes data for the diagnostic phase of the project: The observation that people are being untruthful can be a significant piece of the diagnostic data.

A particularly annoying problem to people who conduct sensing interviews is that some members of organizations fail to collaborate by missing appointments, being

conveniently out of town on interview day, being late for appointments, and so on. This avoidance of responsibility for collaborating with the planning of change within one's own organization can indicate low commitment on the part of members of the client system. It is important for the facilitator not to become part of the power system and expose these individuals. One simply has to move without their data. The fact that some people do not cooperate with the project can be a part of the diagnostic data.

The presence of an external change agent in an organizational unit can pose a threat. Using an interview method may lead to the perception that the interviewer is snooping, spying, or "psyching people out." Conducting sensing interviews, then, can serve not only to detach the interviewer, but also to have the opposite effect of making him or her a potential threat. As the old saying goes, "Stranger means danger."

Interviewer biases is a final area of potential problems. It is not a matter of whether the interview is biased; it is a matter of what biases play what part in the data generation that the interviewer is sponsoring. One interviewer may be predisposed to look primarily at questions of authority and power. Another may be more concerned with feelings of intimacy. Another person may be primarily interested in production. One way to keep one's biases from distorting the diagnosis is to tape record a series of interviews and have them critiqued by one's colleagues.

Although there are numerous potential problems that are inherent in the use of the interview approach to sensing in organization development, the skills related to this approach are basic ones that the OD practitioner uses in all interventions, including team-building meetings, intergroup problem-solving sessions, and sensing meetings. All of these verbal techniques and strategies become important parts of the skill repertoire of the effective agent of change. The interview approach offers numerous advantages when compared with the more "objective" approaches of instrumentation, and it is incumbent on facilitators to continue to experiment with the development of skills in working face-to-face with individuals and small groups.

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■ CHECKPOINTS IN THE CONTRACTING PROCESS

Leonard D. Goodstein and Don M. Dawson

Consultants and trainers all too frequently cannot state with certainty just who their clients are or what exactly the nature of the intervention is to be. Is the client the director of human resource management who hired the consultant, the manager of the subsystem that is the target of the intervention, the targeted subsystem, or the organization as a whole? Is the effort going to involve a training program, an assessment process, or a system-wide organization development (OD) effort?

Whatever clarity exists in the early stages usually diminishes during the course of events.

There are a number of reasons why this is true:

- It is often difficult to determine who in the client organization is directing the effort;
- Personnel may change during the course of the consultation;
- Clients may have unclear or impossible goals in the early stages; and
- Whatever goals the client may have had originally are likely to change during the intervention.

The obscurity of goals, the shifting nature of the client system, and the changes in both client and consultant expectations *require* that consultants make clear contracts and maintain that clarity in any continuing relationship with a client. A clear, mutual understanding of expectations by both client and consultant must begin with the initial contact between the two parties (Ulschak, 1978). One of the first agreements to make in any contracting process is to continue to clarify expectations. Most of the responsibility to continue this process rests with the consultant because few clients have the necessary experience or expertise, and maintaining a high level of mutual understanding requires continual attention throughout the consultation process.

The following example illustrates some of the problems involved if expectations are not clear at the outset.

A consultant was engaged by the training director of a local community hospital to provide a series of assertion training workshops for the nursing staff. Although the chief nurse and the nursing staff were delighted with the program and its consequences, the program was abruptly terminated by the training director at the request of the hospital's chief administrator. The training program had been "too successful" and the medical staff had demanded its termination.

Although this outcome may have been unavoidable, the consultant might have foreseen the results of the program and reduced negative reaction by doing some

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clarification of expectations and some cross training so that all parties involved would be clear about their own expectations of the program, and the consultant could monitor progress so goals could be met without overreaching any of the bounds set.

Some critical checkpoints for consultants during the contracting process are given. Of course, no such list is consummate, other lists will be different, and no checklist will apply exactly to any given consultancy, but by keeping on target through using such checkpoints, the consultant can avoid many problems later.

1. *Continue to identify your client.* This may not be the person(s) involved in the initial contract and may not be the direct receiver of your services. However, the actual client must be involved in planning the intervention from the earliest stages on.

2. *Check the readiness of the organization for whatever type of intervention you are planning.* The OD Readiness Checklist (Pfeiffer & Jones, 1978) is one convenient way to assess organizational readiness. This readiness must be rechecked as you move into different organizational segments.

3. *Validate the client's assessment of the problem.* The client typically has made a judgment and may even expect a particular intervention. Start with the client's data and assumptions, but check against your own reality. Ultimately, you and the client must agree on the assessment, the diagnosis, and the intervention. As the intervention continues, the client's assessment needs rechecking.

4. *Determine the degree to which the client accepts ownership of the problem.* Problems caused by "the home office," "business conditions," or "agency rules" typically are not amenable to OD interventions. The client must believe, at least to some degree, that enough power, flexibility, and willingness exist within the organization to effect change. This may change over time, especially as the intervention probes more deeply into the problem.

5. *Agree on the range of outcomes that may result from the intervention.* Although both of you want and expect positive results, negative outcomes may occur. Consider the range of outcomes and the consequences of each outcome. This agreement may change over time and so requires regular monitoring.

6. *Clarify your expectations of the client and the client's expectations of you.* The client may expect you to be a technical expert, a messiah, or a scapegoat. You may expect the client to be open and honest, closed and hostile, or angry. The degree to which client and consultant explore these expectations and agree on which are realistic and which are not will help clarify their contract. These expectations are ever-changing and so require continual exploration.

7. *Explore the technical requirements of the intervention.* The time frame, the support and materials required, the nature of the final product (if any), and the costs (both direct and indirect) must be determined. Again, these requirements change over time.

The seventh point contains elements that are typically negotiated during the contracting stage. Although the technical requirements clearly are important, without equal attention to each of the first six considerations, there is little reason to work on the seventh.

The checklist provides a starting point for clarity in the contracting phase of a consultation. Once clarity is established, maintaining it requires ongoing attention. The consulting contract should not be seen as a *product* but as a *process*. Indeed, Ulschak (1978) proposes using the concept of “process contracting” to highlight the ongoing nature of the contract.

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■ IMPROVING CLIENT-CONSULTANT RELATIONSHIPS: RESEARCH-BASED SUGGESTIONS

Diane McKinney Kellogg

A study to identify the factors that contribute to developing successful client-consultant relationships has revealed some information that can be useful to consultants who want to improve their working relationships with clients.

Twenty organization development (OD) consultants were interviewed for two to three hours each; each described two consultation relationships that he or she had experienced, one positive and one negative, tracing the development of the client-consultant relationship. The cases were then analyzed to identify the variables that affected the quality of these relationships. Characteristics associated with relationships considered to be most successful were isolated by contrasting the twenty positive cases with the twenty negative ones.

Many of the consultants interviewed were well-known, long-established OD consultants selected for their expertise in dealing with clients. However, for balance, several recently trained consultants also were interviewed. They described their working relationship with the person(s) they considered their primary client(s) or contact within the client organization.

The most pertinent findings of the study that will be discussed here relate to three processes that are pivotal to the success of the consultation relationship: the matching process, the contracting process, and the ongoing communication process. The consultant is involved in and has an impact on all of these.

Some of the factors that distinguished the positive cases from the negative ones were not ones in which the consultant was involved or could make a difference. These seemed to be related to the amount of influence or power that the contact person had within his or her own organization. These factors will be discussed also, even though the consultant may not be able to influence them, because understanding the need for the client to have sufficient organizational power may help consultants to determine the potential for the project's success and whether to undertake it at all.

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THE MATCHING PROCESS

This study indicated that good client-consultant relationships result from a good match or “fit” between:

- The client’s and consultant’s personalities;
- The client’s and consultant’s goals for the project; and
- The consultant’s skills and the client’s needs.

Personalities

One consultant described a very positive experience he had had with a client who hired him “on the spot” at their first meeting. The consultant had felt as enthusiastic about working with the client as the client had about hiring the consultant. The “fit” simply was right.

In contrast were reports of numerous experiences in which consultants accepted contracts because the projects were challenging, even though the personality match was absent. Steve told of being invited by the president of a very large, multinational corporation to help assess “why middle managers were quitting or proving themselves incompetent and having to be fired.” Steve wanted to work with a multinational corporation and overlooked the fact that he did not trust or like the president.

The more Steve saw of the president’s management techniques, the less respect he had for the man. Steve’s extensive data-collection efforts led him to conclude that the president and his close-knit group of executives (friends of twenty to thirty years) did not really want to see the young, up-and-coming managers succeed, and that they actually engaged in efforts to prove that they were more qualified to lead the company than the new generation of managers. Interviews revealed that top management set up unrealistic hurdles for middle managers and had actually blocked their success in a number of projects. As a result, some of the new managers quit, others hung on until they were fired or resigned themselves to a permanent slot in a middle position. Two months before Steve began the project, the president had fired three middle managers while they were offsite at a training program to which the president himself had sent them with the words, “We want to groom you guys for the executive committee”

In the end, Steve said, “The project became pointless; my relationship with the president became increasingly acrimonious.” After one heated discussion, Steve concluded his contract.

One might easily infer that, to the president, Steve looked just like one of the up-and-coming new managers that he wanted to prove incompetent. It was important to the president to dismiss this younger person’s inputs about his own management style. Perhaps a consultant whose age and style were closer to the president’s would have had more influence with him and could have developed a more positive relationship.

Goals for the Project

In the case described above, the client's expressed goal turned out to be quite different from his real objectives. When a consultant begins to work toward such an expressed goal, but the client actually is working toward a different one, they almost always will come to conflict.

Jane was fired for not succeeding in improving the management skills of a director. Initially, the president of a company called her in and told her "the problem": the director of public relations had not been able to manage his staff effectively and would be fired unless things changed quickly. Jane suspected that she had been hired to prove the president's perception that the director was incompetent rather than to improve the director's management skills. However, she and the director got along very well, and he seemed grateful for the help. He was an open, receptive manager whose staff was productive and seemed to enjoy working together. Jane felt that his most serious problem was a bad relationship with the president. After analyzing the problem, she and the director decided to proceed on this hypothesis and to work on improving his relationship with the president. Not surprisingly, the president discovered Jane's analysis of the situation and fired her for being incompetent in dealing with the problem she was hired to solve. The director was fired two months later.

Jane could have managed the client-consultant relationship better by going to the president and sharing the dilemma with him: her view of what the project's goal should be versus the problem that he had identified initially. The conflict here could be diagnosed as Jane's confusion about whether the president or the director was her client. The research seems to indicate that consultants are wise to consider anyone a client who has either been involved in the hiring process or who is paying the bill out of his or her budget. In Jane's case, the president had hired her and held her accountable for results, even though the director's budget covered her fees.

The depth of commitment to project goals also surfaced during the study as a significant issue. Positive client-consultant relationships developed where there was genuine interest in the consulting project on the part of the client. In negative relationships, consultants felt that their contact people had hired them for reasons other than personal commitment to the project (e.g., at the directive of a superior, to look impressive to their colleagues, or simply to pass on a project in which they had little interest but which someone else thought should be done). In one case, a personnel director persuaded a company president to persuade a vice president to hire a particular consultant (using the vice president's budget) because the personnel director wanted to have the experience of working with that particular consultant. The project never "got off the ground," and the consultant realized that his primary contact person—the vice president—did not have enough interest in the project to invest any time in it.

In most cases, "persuaded managers" are reluctant clients. However, in two cases in which managers were persuaded to hire consultants, they did develop genuine interest in the projects. Genuine interest, more than even self-initiated use of the consultant, seems to be the critical variable.

Consultant Skills and Client Needs

In each positive case reported, the client had confidence in the consultant's competence. Comments such as "He respected the need for more attention to process, and he knew I made a difference at his staff meetings" and "I knew he was more confident of my approach than of his own" affirmed that consultants value working relationships in which the clients respect them. This confidence was not perceived in the negative consultations, e.g., "He never quite believed that I knew what I was doing"; "He didn't trust anybody who talked about worker satisfaction"; and "I always had the impression that he wished I were more experienced."

The amount of time that a client spent in choosing a consultant did not prove to be related to success in matching skills to needs. In fact, especially quick decisions had both good and bad outcomes, as did especially slow decisions. In some positive cases, the client's confidence in the consultant was based on "gut feelings." In others, clients interviewed extensively before hiring anyone. Whatever the process, having the client begin with feelings of confidence that he or she has found the "right" consultant seems to be very important. The principle of the self-fulfilling prophecy may be at work here; predicting positive outcomes may contribute greatly to obtaining positive outcomes.

The reverse also holds true: with self-fulfilling prophecy at work, a client's negative first impression could lead to his or her finding even more reasons for concern as time passes. In many cases reported, questions about the consultant's skills hindered the consultant's ability to work freely within a client organization. A consultant who senses uncertainty or reticence on the part of the client would be wise to raise the issue or even to reconsider accepting the assignment. Trying to discover the source of the concern may or may not succeed; clients may deny their concerns rather than admit to having reservations. However, if they are invited to discuss concerns at the beginning of the relationship, they may feel more free to do so and may raise questions that could become more serious if left unaddressed.

The matching process is the responsibility of both the client and the consultant. Both can work to assure a good match of personalities, of project goals, and of consultant skills with client needs.

THE CONTRACTING PROCESS

Having a clear contract includes agreeing on project goals but goes beyond that to include clear definitions of expectations, roles, and tasks. The contract should state who will do what, when, and how, and these things should be discussed thoroughly before the project begins and throughout the project as new or unanticipated situations arise.

In each positive case reported, by the end of the contracting phase, the client and consultant had reached specific agreements about what each person's involvement would be at various points in the consultation. In many of the negative cases, however, the consultant described an uncertain conclusion to the contracting phase, e.g., "We eventually decided just to get started and see if things became more clear as we got into

the project.” In two cases, the consultants knew at the time that they and their clients did not fully understand how much time and energy their projects would involve, but these consultants chose to proceed with their projects rather than to prolong the discussions and risk discouragement on the part of their clients. Both of these situations had negative results. Being eager to begin the work or simply being tired of negotiating can preclude creating a contract that has sufficient clarity.

Role clarity is another basic need. It is important that clients know what is expected of them and what they can expect from the consultant. Of the consultants interviewed for this study, 80 percent discussed the importance of role clarity to the success of the relationship. The other 20 percent would likely have discussed the need for it if the question had been put to them directly.

Many of the negative cases involved examples in which much time was spent regrouping because either the client or consultant became involved in some area or at some time when the other party had not expected it. These “violations” of expectations put a strain on the client-consultant relationship. Allowing expectations to be assumed rather than articulated (or never examined at all) is sure to lead to violations of them. Because conflict almost always is a result of unmet expectations, one can assume that lack of role clarity inevitably will lead to conflict.

The tasks to be completed should be defined as clearly as possible at the beginning of the project. However, as new information is accumulated, other events occur, or people in the organization change, the terms of the contract and the roles should be renegotiated or reclarified. The best consulting relationships are characterized by a continuing commitment to the contracting process.

It may be the consultant’s role (only because he or she probably has had more experience in consulting relationships and appreciates the need) to articulate why it is important to establish a clear contract in the beginning and to reexamine the contract at various points in time. Taking the initiative and suggesting the need for more contracting as the project continues can strengthen the client-consultant relationship.

Jeremy’s work at a chemical company is a good example of a consultant’s sensitivity to the need for a clear contract and clear client expectations about what will be done. The client hired Jeremy on the recommendation of a friend who had used him a few years before. As far as Jeremy knew, the client had not done an extensive search for a consultant but had liked him from the start.

The client was not sure what the problem was in the company, but turnover seemed unusually high, and there seemed to be a lot of complaints about supervisors being too strict (“too many rules”). Jeremy and the client agreed on a contract after a three-hour discussion. The agreement included the fact that the client would complete an extensive diagnosis of the organization, utilizing an attitude survey, interviews, and observation. The client was convinced that the consultant needed such extensive research in order to be able to present reliable information about the problems to the management team. Jeremy also agreed to conduct a discussion of what could be done about the problems that were identified, but he was careful not to agree to independently recommend

solutions or to become involved in the implementation phase. He saw himself as a diagnostic specialist. This was agreeable to the client because he was not sure how the other managers would react to the data and he did not want to attempt to lock them into a plan for solving problems that they did not necessarily agree on.

The data-collection phase involved the usual slow-downs because questionnaires were not returned on time and it was difficult to schedule follow-up interviews with busy managers, but Jeremy was careful to keep the client aware of his progress and to renegotiate completion dates when necessary. The interviews gave Jeremy a chance to meet the managers who would be in the data-reporting meeting. It also let them know what questions were being asked of their employees.

The data-feedback session was not all good news, and some managers seemed a little uncomfortable, but they were as open as could be expected and probed for the reasoning behind Jeremy's conclusions. Eventually they began to discuss which solutions would not work in the organization. A continuation of the meeting was suggested and scheduled.

However, Jeremy's contract had been completed. He had a final session with the client the next day, during which he requested that the client let him know what the managers decided to do, just to satisfy his own curiosity. The client agreed to do this and, in fact, called Jeremy later to ask him to recommend consultants to help in designing some new programs.

Obviously, this case had many strengths: the match between Jeremy's skills and the client's needs; a clearly defined goal for the project (diagnosing organizational problems); and a well-defined, specific contract. However, behind the well-defined contract was some other consultant wisdom. Jeremy knew what his strengths were (he felt that he was a better diagnostician than program designer) and he would not commit to do something that he was not highly qualified to do. Secondly, it was a short-term contract. The successful relationships described for the study tended to occur over short periods of time (from one to six months). In some cases, the consultant was hired to do additional work beyond the original contract, but this was only the happy result of the success of the first project, not the course intended all along.

The realization that the successful relationships were, in general, of short duration suggests that consultants may be wise to structure consulting contracts accordingly. Long-term projects can be broken down into a series of shorter contracts, with each subsequent contract contingent on the success of the previous one. Subsequent contracts could be reevaluated as each new phase of the project begins. Periodically scheduled meetings to evaluate progress, including the strengths/successes and weaknesses/failures of the project to date, also can enhance the communication process between the client and the consultant.

Another benefit of working on projects with short time frames is that it gives both the client and the consultant a chance to experience success. With long-term projects, one can become discouraged, bored, or begin to take things for granted. The success of

reaching one goal can add momentum to the effort to achieve the next one and can help to create positive feelings about the consulting effort.

THE COMMUNICATION PROCESS

A surprising aspect of the interviews in this study appeared in the area of communication. The word “defensive” appeared so frequently that it emerged as a specific focus of concern in the communication process between clients and consultants.

The consulting relationship inevitably involves change, and change inevitably creates anxiety in clients. Thus, consultants must be conscious of their clients’ level of defensiveness. It is a fact of organizational consulting that a manager at some level (it may or may not be the one who hired the consultant) often is either responsible for much of the problem or must change his or her way of doing things to solve the problem. Positive relationships are characterized by clients who are willing—and sometimes eager—to receive information about themselves or their organization in order to make improvements. Consultants appreciate and admire clients who are willing to hear about and seriously consider the negative impact of their own behavior. As one consultant noted, “Good clients usually know that they must be part of the problem, and one of the things they hire you to tell them is how much a part of the problem they are.”

Just as often, however, consultants reported that their clients’ defensiveness blocked further progress. They also expressed dismay about clients who adamantly defend their own approach and discount the consultant’s observations. The range of defensive tactics employed by such clients included “not hearing” things that would cause them to reevaluate their own positions.

Reducing Defensiveness

Because defensiveness can result simply from the presence of an outside consultant, it is important for consultants to examine carefully their own styles of giving and receiving negative feedback. A change in the consultant’s approach might reduce the client’s defensiveness and increase his or her willingness to receive new information. Another strategy for approaching the problem of client defensiveness is to openly discuss the fears that are generated when consultants are used. This conversation could be built appropriately and effectively into the contracting discussions. The client and consultant also could discuss the importance of nondefensive communication to the overall success of the consultation.

Inviting Feedback

It is equally important that the consultant invite the client to provide feedback freely. In the positive relationships reported, consultants were willing to receive negative information about themselves and found it helpful to hear more, rather than less, from the client. One consultant described such a relationship: “I was honest with him, and he could take it; but he also was honest with me and let me know when he thought I had

botched it.” This kind of exchange provides the consultant with an opportunity to model nondefensive behavior for the client.

Some consultants reporting negative relationships said that their clients were reluctant to express their opinions and reluctant to pass on informal information about how others in the client organization were perceiving or responding to the consultant or the project. This reluctance obviously had a negative effect on the communication process and, thus, on the consulting relationship.

Exchanging Information Often

A frequent exchange of objective information and facts relevant to the project also is important. A common source of frustration for the consultants studied was that their clients did not share information freely, particularly information about organizational politics. In some cases, the consultants felt that their clients simply did not recognize relevant information when they saw it and so did not pass it on. In other cases, the consultants felt that their clients were unwilling or unable to take the initiative to contact the consultant when the need arose. Although the consultants acknowledged their responsibility to “ask the right questions,” they also felt that there was a limit to how thorough they could be and they felt more comfortable in the relationship if they could rely on their clients to initiate contact to exchange relevant information.

Similarly, the consultants believed that one of their own serious mistakes was to forge ahead with a project without providing frequent updates to the client. In one case, the client and the consultant had a serious falling out when the consultant had a questionnaire printed and distributed without informing the client of his intent. Although it was done according to the timetable in the original contract, it was a mistake to rely on the contract in the place of face-to-face communication.

Because consultants are not always accessible to managers for the exchange of information (and managers are used to their subordinates and peers being accessible), communication must be planned deliberately. When informal contact is unlikely, it is important that formal plans for communication be made. The remedy for infrequent contact with the client is obvious: schedule more appointments, make more telephone calls, drop in more often. These contacts are within the consultant’s control, provided that the client is available. If the client is extremely busy or frequently absent, the problem may be more difficult to resolve. However, the consultants interviewed for this study felt that “attempts to get in touch” might be worth a great deal to the client even if they did not succeed. Many clients seemed to be assuaged by messages or notes when a conversation was not possible. Such substitute communication at least establishes the consultant’s intent to keep the client well-informed.

SUMMARY OF THE PROCESS VARIABLES

In general, consultants can improve the quality of their relationships with clients by paying more attention to three important processes:

1. *The Matching Process.* Is there a personal fit between the consultant and the client? Do the two have the same goals for the project? Are the consultant's skills well-matched to the client's needs?
2. *The Contracting Process.* Does the contract contain sufficient detail about what the consultant will do and what is expected of the client? Can the project be broken down into stages, so that a shorter-term project is contracted for first?
3. *The Communication Process.* What can the consultant do to reduce the client's defensiveness? How can the consultant and the client schedule more opportunities to talk with each other and to share information?

ORGANIZATIONAL POWER

There are limits to what a consultant can do to improve the consulting experience. The power of the client within his or her own organization is a critically important variable in the success of the project. An illustration of this is Matthew's report of his experience as a consultant to a packaging company, in which the client's lack of organizational power hampered the potential for a successful consulting relationship.

The primary client had been promoted from assistant personnel director to line manager and relocated to another city. Six months later, he became dissatisfied with what he had been able to accomplish and hired Matthew to help him to assess why morale was low and absenteeism was high.

Matthew found it difficult to obtain reliable information from any level within the plant, and the relationship between Matthew and the client became increasingly tense. Eventually, the client's superior told Matthew that he believed that the workers were resentful because the client had been brought in to fill the management position that they felt their long-time supervisor should have received. Obviously, this superior had been grooming the local man for the position and, feeling coerced by the home office, had failed to support the client from the beginning. This had allowed the workers to demonstrate their resistance to the "outsider."

As a consultant, Matthew had no more power than his primary client, and his client had, according to some theories (Kanter, 1977), taken the wrong route to a position that otherwise might have entailed some power. Without the support of either his subordinates or his direct superior, the client had little power to function effectively.

The conclusion is that in order for a consulting project to succeed, the contact person must possess at least a minimum amount of organizational power, enough to effect the change called for by the project. The measure of organizational power repeatedly mentioned by consultants include: (a) budgetary control; (b) respect from superiors; (c) access to political information; and (d) some independence in decision making.

Budgetary control tends to be an indicator of discretionary power in general, the ability of the client to exercise his or her own judgment in a wide range of decisions. It

also may be an indicator of the organization's confidence or trust in an individual, relating this factor to "respect from superiors."

It is important to have higher management's support if either the client or the consultant is to be able to function effectively. If a superior respects the client, he or she is more likely to support the client's judgments and provide help and encouragement rather than roadblocks.

A number of consultants reported placing a strong value on clients who made decisions independently, as is evidenced by statements such as "Even though I made the recommendations, he was very clear that he was responsible for making the final decision." It may be that the client who lacks organizational power or is on shaky ground within the organization is more likely to defer to the consultant, perhaps because he or she is not used to making important decisions independently or is unwilling to risk taking responsibility for the outcome of the project. Consultants would be wise to attend to clues that this situation exists.

The importance of having accurate political information about the organization is illustrated by a negative case in which the consultant felt that the contact person's naivete about certain political realities had caused serious problems in implementing an OD project. If more information had been available to him, the consultant never would have made the recommendation he did for the approach to the project. It is clear that it is crucial for the consultant who is a newcomer to an organization to be able to rely on the quality and completeness of the information with which he or she is provided.

Consultants should, therefore, attempt to assess, before beginning a project, whether the potential client has the ability to command enough influence or power to win the support of others for the project. If the client does not have the necessary organizational power to obtain the resources and commitment to support the project, the consultant may choose not to accept the assignment or to set more modest goals that are realistic in terms of the client's situation within the organization.

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■ FACE-TO-FACE SELLING FOR CONSULTANTS

Don M. Schrello

Face-to-face selling is so natural and so frequently used for consulting services that many consultants spontaneously engage in it without ever making any conscious decision that it is the best way to sell their services. This article explores what face-to-face selling is, how it works for consultants, and some of the ways the skill can be acquired or improved. Both the consultants who contract solely with external clients and those who consult internally need skills in face-to-face selling to help clients determine their consulting needs and come to a decision about placing an order for consulting services.

FUNDAMENTALS

What Face-to-Face Selling Is

Face-to-face selling is any method of obtaining an order that involves a face-to-face meeting between the consultant or salesperson and the customer. Face-to-face selling is the preferred means of sale when the product or service is complex (such as consulting normally is), when the customer organization is large and the decision involves a number of different individuals or organizations, or when the initial order being sought is large (for example, over \$3,000).

Examples

Some typical situations in which face-to-face selling is involved include the following:

A consultant meets a prospect for lunch or dinner and the conversation turns to what the consultant does and the kinds of services he or she offers.

The internal consultant in a large organization is invited to attend a manager's staff meeting to discuss how the department can improve output or cut costs.

After several months of trying, a consultant lands a half-hour appointment with the president of the largest financial institution in town to discuss what can be done to cut down on employee turnover.

Although the situations are varied, the goal of face-to-face selling is always the same: to move the relationship from its present stage to receiving, delivering, and/or being paid for an order. As internal consultants study this article they may wish to keep

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in mind that “being paid” for services can be construed as receiving any benefits or recognition for providing consulting services.

Old Images

A common view of “selling” is that it makes people do something they do not really want to do or, at least, something that is really not in their best interest. If these old images were ever true in the past, they are certainly not true today, particularly for consulting. Effective consultants do not sell in the traditional sense; rather, they help their prospective clients to buy from them. This is a small but important shift in perspective, which is discussed more fully later.

NINE-STEP SALES-PIPELINE MODEL

Face-to-face selling of consulting products and services is a complex process that takes a lot of time. Months or even years are sometimes required to successfully complete a sale. The consultant needs to know what he or she should do next in order to advance the sale toward its successful conclusion. One way to do this is with a model or pattern of the sales process.

The Pipeline

To understand the sales process, one can visualize a reservoir with a conduit stretching from the reservoir to some other place. From the reservoir and through the pipeline is flowing some kind of liquid around bends and corners, past leaky joints and other pipes that siphon off the liquid for various purposes.

In the sales process, the reservoir is the universe of people who could conceivably use your services. At the other end of the pipeline is paid-for business with you. In between are all the bends and turns and twists and leaks that the pipeline has between the reservoir and the end. As the relationships progress along the pipeline closer and closer to the point of sale, there are fewer and fewer of those that started. Just as a water company needs to know how many houses are connected to the pipeline in order to make sure that there is enough pressure for all the houses to receive water through their faucets, the consultant needs to make sure there are enough prospective clients entering the sales pipeline to supply the needed sales at his or her end of the conduit.

Observable Client Action

Progress along the sales pipeline can be described in terms of what the client—rather than the consultant—does. This view provides an unambiguous way to determine just where the sale is in the process. It also tells the consultant what the next step in the process must be and what action should be taken to accomplish it.

Steps in the selling pipeline based on what the prospective client does include the following types of actions, which are easily measurable; that is, the consultant can determine if they occurred and when they occurred.

The prospective client:

- Calls or writes for information.
- Sets a date and time for meeting with the consultant.
- Schedules an appointment for the consultant to meet with someone else.
- Furnishes reports, organization charts, or other specific information.
- Asks that the consultant submit a written proposal.
- Accepts the consultant's final report.
- Pays the bill.

Nine Critical Selling Steps

Figure 1 presents a nine-step face-to-face sales pipeline based on client or customer actions that was developed especially for the sale of consulting services and related information products (Schrello, 1990). In some cases steps can be combined or skipped, depending on the way a client entered the pipeline.

The height of the bars in Figure 1 suggests that large numbers are required at earlier stages in the process in order to get the one account for which the bill is paid. Although the numbers of prospective clients or customers required at each stage will vary—depending on what is being sold and to whom—there are certain reasonably well established norms, which are reviewed in the next section. The nine pipeline steps can be described as follows:

1. *Suspect*. This is the start or “reservoir” for your pipeline. For the external consultant, the reservoir could—in principle—be the entire universe. However, in practical terms your suspects are a much smaller group: those who have a need for and can buy your services or products. The characteristics of this group should be defined as precisely as feasible. The observable customer behavior that identifies people as suspects includes their choices of jobs, positions, industries, companies, or the other factors that describe your target market.

2. *Inquiry Received*. This is the first step in the sales pipeline that indicates interest in your services or products. The client's action could be triggered by some kind of lead-getting activity you initiated, publicity about you, a friendly mention of you by another client, or a wide variety of other causes. The key observable action, however, is that the prospective client or customer has actually done something to indicate interest in you, your products, and/or your services. Even a client's request to correct his or her address would be included in this step, because it indicates an interest in staying on your mailing list.

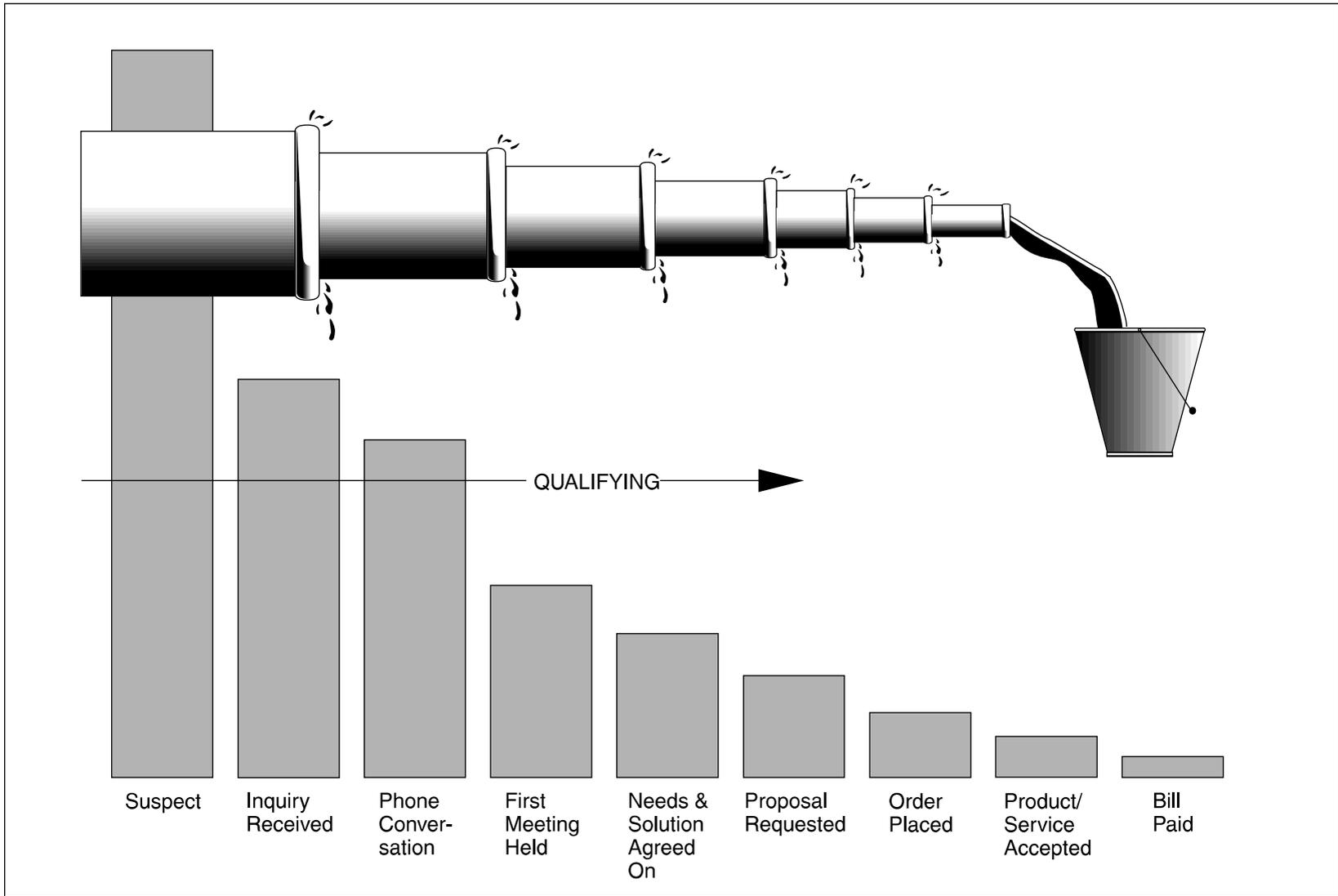


Figure 1. Nine-Step Face-to-Face Sales Pipeline Based on Observable Client or Customer Action

3. *Phone Conversation.* This is the next normal step in the face-to-face selling process. The height of the bar in Figure 1 suggests that a high percentage of the inquiries received in the previous step will be followed up by telephone in order to explore the prospect's interest and to determine whether further progress along the pipeline is warranted. The prospect's willingness to take your phone call is a further indication of interest and qualifies a move to the next step. This step may be skipped, however, if—for example—the evidence of interest was part of a preview or showcase presentation during which the first face-to-face meeting occurred.

4. *First Meeting Held.* Some sales situations begin at this step; for example, if they result from the consultant's participation in a conference. However, most face-to-face meetings will take place in the prospect's office. Therefore, normal procedures are to set a date, confirm it, and actually have the meeting. The first meeting is the beginning of a long process of coming to understand the prospective client's needs and the extent to which you are able to meet these needs. If your first meeting is done correctly, it will reveal whether or not there is a possible fit between the prospect's needs and your products or services. Another common outcome is that the first meeting with one individual in a large organization leads—during the same visit or later visits—to a number of other “first” meetings, culminating finally in a meeting with somebody whose needs fit your products or services.

5. *Need or Solution Agreed On.* At this step in the process you obtain a thorough understanding of the prospect's need, and the prospect learns what your solution or services can offer. At this step the prospect says, “Yes, your services will help us and I would like to engage them.” In other words, at this stage everything has been pretty well agreed on, but the order has not yet been placed.

Getting to this step is generally the most time-consuming part of the sales cycle and can take months or even years. Because of the long time frequently required to complete this step, changes in the client's situation can have a profound effect. For instance, in a large company a reorganization can replace the person with whom you had been dealing with someone brand new—with whom you will have to start over; or needs that were clear at the start of the process may be different months later. For these reasons, it is important that you try to accomplish this step as quickly as possible, recognizing that it is the customer, not you, who will determine how long it will take.

Whether this step occurs at the first meeting (rarely) or at the twenty-first meeting (also rarely), the customer-observable behavior is that the clients (not you) give objective evidence that they believe your services will benefit them. Then, and only then, are you able to move to subsequent steps in the pipeline.

6. *Proposal Requested.* This step is treated separately because it is important and should not be overlooked. Occasionally the customer will not request a proposal but merely ask for confirmation in writing of all the items that were discussed. In any case, after the need or solution is agreed on, the consultant should send the prospective client or customer some form of written confirmation of their understanding restating the key

terms and conditions of the deal. Under very informal conditions, this step can be included with the next step when the client places the order.

7. *Order Placed.* In the sales literature this step is usually called “the close.” In good consulting sales, it is merely a confirmation of all the details that have already been agreed on. If there are any surprises remaining for either the consultant or the prospective client at this point, then the consultant has not successfully completed one of the previous pipeline steps.

If the client places the order verbally, the consultant must always confirm it in writing, including a clear restatement of the terms and conditions, dates, times, and so on.

8. *Product or Service Accepted.* This is a separate step in the process because not every order placed is actually delivered and accepted. Changes in the client’s needs and/or in the consultant’s situation can prevent the product or service from being delivered. This step can also be important for new consultants who promise more than they can deliver, only to end up with a dissatisfied client who does not accept the services that were rendered as meeting the client’s needs.

The traditional accounting definition of when a sale can truly be counted as a sale is when the client accepts and retains the requested product or service.

9. *Bill Paid.* This step in the pipeline is, after all, what consultants are really seeking. If the sale has been structured properly, this will be virtually 100 percent of those sales situations that make it through the previous step, but not always. Inexperienced salespeople frequently take orders without making sure the customer knows how much will have to be paid or even that anything will have to be paid. Such misunderstandings signal clearly that one or more of the earlier steps in the process was not properly executed. Even with internal consulting, a manager may need to check the budget before engaging the consultant.

This nine-step model will work well for most consultants, and it can be adapted to unusual situations.

SIX IMPORTANT STATISTICS

The figures in the following paragraphs are based on a full-time salesperson selling consulting services or related products. They need to be reduced proportionately for less than full-time selling. For example, if you work on selling only one day a week, you will need to divide some of the numbers by five for a guide in your own practice.

Six important face-to-face selling statistics are the following:

1. *Time to Close a Sale.* On the average, six to nine months elapse between the first contact of a consulting sale and the paid bill. In a long consulting relationship, this may be only the first paid bill in what will be a long series of monthly or other regular billings. The long sales cycle generally results from the complex nature of the sale and

from the need to involve others in the decision-making process. It may also be affected by problems in coordinating schedules, budgets, and other practical factors.

2. *Initial Order Size.* The initial order size will depend on the nature of the practice and the consultant's experience in selling. Generally, inexperienced salespeople settle for much smaller initial orders than they will seek after they gain experience. Overall, average initial consulting order sizes vary from \$5,000 to \$50,000. It is often unprofitable to use face-to-face selling methods for first orders of less than \$5,000, because the number of sales calls required and other costs make it difficult for the salesperson to earn a suitable income at these lower initial order sizes. On the other hand, since a high percentage of consulting activities are repeat orders, a low initial order could well be followed by larger amounts for subsequent orders.

3. *Annual Levels of Per-Person Productivity.* Surprisingly, this number turns out to be remarkably consistent across a wide variety of different types of consulting services and products. On the average, a full-time salesperson can be expected to produce between a half million and one million dollars of total sales in his or her third and subsequent years.

The third- and subsequent-year productivity is important to look at because of the considerable learning that is required and the long consulting sales cycle that makes acquiring large sales difficult for the new salesperson. First-year sales average about \$100,000, most of which occur at the end of the year; and second-year sales are usually only half to two-thirds of the third-year level.

4. *Proposal-Win Ratio.* Another important standard that remains remarkably consistent over a wide variety of consulting and information products is the percentage of written proposals that actually result in business. Here it is important to distinguish between new business—initial contracts with new clients—and repeat business with established clients. Repeat business usually accounts for 60 to 80 percent of a consultant's business. That is why so many practices are able to support themselves with a minimum of selling effort. In those cases, proposal-win ratios as high as 70 to 90 percent are common, because when working closely with a client, the consultant generally "proposes" only those things that he or she and the client have agreed are required.

The situation is different for new-business proposals, where an acceptable working ratio is one win out of two or three proposals. Those who win more than one out of two proposals are probably being unnecessarily restrictive in the proposals they submit and may do better if they submit more proposals. On the other hand, those who win fewer than one out of three proposals to new clients should evaluate the standards that they are using to screen proposal opportunities. Generally such low award ratios suggest that the process of arriving at the proposal stage is not as thorough as it could be and that proposals are being generated unnecessarily. Cutting down on proposals is often a very good way to cut your new-business-getting costs as well.

5. *Face-to-Face Calls to Close a Sale.* McGraw-Hill frequently compiles statistics for this important measure, as do Sales and Marketing Management Institute and others. In this respect consulting sales follow the same pattern as the sales of big-ticket industrial hard goods, requiring an average of five to eight face-to-face sales calls to reach a close. Some of these face-to-face meetings may be presentations to groups, meetings with others, and repeat meetings with the buyer, but it is unlikely that a sale will close on the first or second meeting. These repeat meetings are partly why consulting is frequently a local business. In fact, it is often necessary to have a local office in an area in order to adequately serve a client base there. This local office is often a sales office, although not labeled as such.

6. *Number of Active Accounts.* At any given time a full-time salesperson should be able to handle between thirty and forty active accounts (that is, accounts that are somewhere in the last eight stages of the face-to-face pipeline model). Since the average sales productivity per salesperson is pretty well set, the number of accounts is determined primarily by the average order size both for initial orders and repeat orders.

Table 1 summarizes the statistics presented in the previous sections.

How To Obtain Your Own Data

The above statistics represent the experience of a large number of other people. More important is to identify the numbers that pertain to your own situation. If you have been in practice for a while, chances are good that you have some statistics on how well the face-to-face selling process is working for you.

To start with, you need to estimate what percentage of your time you actually put into sales and marketing. Use your time records or other information to determine the average time you expend in sales and marketing activities over a one-year period. (Looking at shorter times can be misleading because of the demands of your practice or other professional activities and because of seasonal fluctuations.) Then try to get information on the six variables shown in Table 1.

After adjusting for the amount of time you spend on sales and marketing, compare your numbers with those in Table 1. Consultants—compared with full-time salespeople—sometimes experience higher levels of productivity because of their greater familiarity with their capabilities and because they have a very personal interest in the sale. If your levels of productivity fall below the norm, it could signal trouble ahead. More positively, it may suggest areas in which you can improve your performance by using the techniques contained in this article.

Table 1. Six Important Face-to-Face Selling Statistics

1. Annual Sales:
 - 1st year \$ 50,000 to \$ 125,000
 - 2nd year \$300,000 to \$ 600,000
 - 3rd year \$500,000 to \$1,000,000
2. Initial Order Size (New Account):
\$5,000 to \$50,000 (will increase with time)
3. Proposal-Win Ratios:
 - New business 1:2 to 1:3
 - Repeat business 7:10 to 9:10
4. Time To Close a New Account:
6 to 9 months
5. Number of Face-To-Face Calls To Close a New Account:
5 to 8 calls
6. Number of Accounts Active at Any Time:
30 to 40 accounts

Based on full-time selling.

ACTIVITY: THE KEY TO SUCCESSFUL SELLING

Virtually all successful salespeople have concluded the same thing about obstacles to successful selling: the real obstacle is not the customer, the product, the environment, or inadequate sales skills. The biggest obstacle to successful selling is inactivity. Put a little differently, the secret of successful selling can be expressed as:

$$\text{Selling Success} = \text{Effort} + \text{Activity}$$

Consistently and predictably, *what* you do in selling and *how* you do it take a distant second place to merely making your sales calls, talking to your prospects, and trying to move them along the sales pipeline by whatever means is most comfortable to you. All high-performance salespeople have similar traits: they work longer hours, make more sales calls, write more letters, talk to more people on the telephone, and quantitatively do more than their less-successful colleagues.

Figure 2 indicates that direct marketing sales decline rapidly at the start of an economic recession, whereas sales derived through face-to-face selling appear to be scarcely affected at all. The reason for this tendency is that the face-to-face salespeople are able to increase their *level of activity* as they notice their sales are beginning to decline. This increased level of activity has two effects: (1) it brings new prospects and potential clients into the sales pipeline, and (2) it accelerates orders that would have been placed later. The result is that face-to-face sales can remain pretty much on target

after months or quarters into a recession that results in a rapid sales decline through other selling channels.

Figure 2 also indicates that face-to-face selling has a longer recovery period from the recessionary effects than does direct marketing. The reason is that the salesperson has “robbed the pipeline” and it will take some period of time to reestablish the pipeline to prerecession levels.

Part-Time Versus Full-Time Selling

Many consultants experience “feast or famine.” First they have no consulting jobs and spend all their time in selling, which may result in so much business that they devote all their time to consulting until the jobs are completed. Then it is famine again and they go back to selling. If activity is truly the key to successful selling, it follows that the consultant must allocate part of every day or week to selling, regardless of the level of consulting work obtained. *This is absolutely vital for the sole practitioner or for a small group of practitioners.*

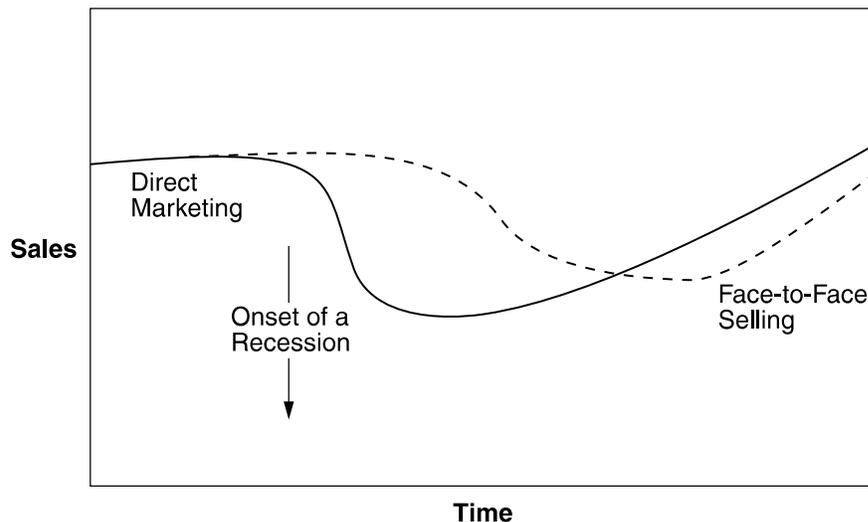


Figure 2. How an Economic Recession Affects Sales Performance

Determine what day of the week or time of the day you will be able to spend on selling, and make an estimate of how much time that represents as a percentage of a normal work week. Selling one full hour a day adds up to five or six hours a week or roughly 12 to 15 percent of a forty-hour work week—not very much but better than nothing. With that level of sales activity, you could expect sales productivity levels of at least 12 to 15 percent of those shown in Table 1. If you could spend one full day a week in selling (20 percent), you could expect sales productivity levels of about 20 percent of those shown in Table 1.

This same line of thinking may justify acquiring a full-time salesperson in larger consulting organizations, generally where there are three or more professionals. The salesperson would be responsible for bringing in new business, while the principals

spend their selling time on keeping the existing business sold and on obtaining additional business from their current clients. A full-time selling commitment does not always require hiring a new person. During periods of low business, one principal could devote full time to selling while the others are doing the consulting.

SETTING SALES-PRODUCTIVITY NORMS

If you are convinced that activity is truly the key to successful selling, then you are ready to determine what kind of activity is needed and how to measure it. Such considerations are important for managing your own time and efforts and will be indispensable for managing the sales activity of others. The time period used to set sales-productivity norms determines the pace of the selling activity. This must be no less than weekly, and a daily period can be even better.

Activities To Measure

The following types of activities should be measured:

1. *Bills Paid.* The basis for all activity measures is the nine-step face-to-face sales pipeline of Figure 1. To make that pipeline work, start by calculating the annual level of sales you want to generate (the ninth step or “Bill Paid” bar) and work backward toward the first step of the model.

2. *Products or Services Delivered and Accepted.* Divide your anticipated level of annual sales by your estimated average order size to determine how many jobs you will need. For example, if you target \$250,000 a year in revenue and you anticipate a \$10,000 average order size, you need twenty-five orders per year to make your target (\$250,000 divided by \$10,000). This arithmetic is easy; it translates into an average of one paid order every two weeks. This now becomes the target for all your sales activities. Put differently, the question is, “What levels of activity at all the earlier stages in the sales pipeline are required in order to produce that one average \$10,000 paid order every second week throughout the year?”

If you are just getting started and you do not know what your average order size will be, make a judicious guess. Since this information is of vital importance for the rest of the process, it is worth spending a little time to obtain the best data possible.

There should be little difference between the level of business you deliver and what you get paid for. If the quality of your consulting services are average or above, you should not find it necessary to plan for a difference between these levels. However, for the sale of products and nonconsulting services (such as training), it is prudent to expect a little difference (perhaps as much as a few percent) because of the inevitable cases of client dissatisfaction, the occasional product that is unsuitable, the seminar that fails to meet the client’s expectations, and so on.

3. *Orders Placed.* The norms for the number of orders placed is also essentially identical to the bills paid, unless experience in your particular practice suggests

otherwise. Larger consulting organizations may find it prudent to allow a 5-percent washout rate between orders placed and orders paid. The larger the average order size or the longer the time period between receiving the order and delivering the service, the more likely it is that there will be some shrinkage from this stage in the pipeline to the end.

4. *Proposals Requested and Submitted.* This important level of activity must be measured by virtually every consultant. To achieve the requisite number of orders per unit of time, it is necessary to submit a larger number of proposals per unit of time. The ratio of the two numbers is the expected capture rate.

Consider the above example of the consultant who needs an average of one \$10,000 order paid every two weeks. With a capture rate of one out of every two proposals submitted, that consultant must submit at least one average \$10,000 proposal every week. If some shrinkage is expected between orders placed and bills paid, then even more proposals may have to be submitted. For those who have no reliable measure for the number of proposals that should be submitted, the one-per-week is a reasonable target.

A good way to keep track of proposals is to write the dollar amount of every proposal you make on a wall-mounted calendar, so you can see at a glance which are outstanding and whether or not you are on schedule.

5. *Face-to-Face Calls Made.* This is the sales-productivity norm that relates to the pipeline step “Needs and Solution Agreed On.” It reflects the fact that this is the longest and least well-structured portion of the pipeline, but one that can be confidently predicted will take a number of sales calls in order to complete. A good general rule of thumb is two or three face-to-face sales calls to get one proposal requested and submitted. These calls are not necessarily on the people who ultimately request the proposal.

Returning to our progressive example, we see that the consultant who needs to make one proposal each week would, therefore, need to make an average of two or three face-to-face sales calls each week. These calls include first meetings with prospective new clients as well as meetings with current clients that have primarily a sales purpose. The productivity norm of two face-to-face sales calls per week for the example is also a good norm for many sole practitioners. However, lower average order sizes would necessitate a larger number of sales calls, more proposals submitted, and so on, to reach the same level of annual sales. On the other hand, larger average order sizes sometimes also require more sales calls and more advance preparation before a proposal is requested and submitted.

6. *Telephone Calls Completed.* This is an important productivity norm in order to start the process of getting face-to-face appointments and for qualifying leads obtained from any source. Not every salesperson needs to set a productivity norm here, but if you do, it will probably be based on some multiple of some number of face-to-face meetings you want to have in a given period of time. Generally two or three telephone calls for

each face-to-face meeting needed will ensure an adequate level of sales activity. The consultant in the preceding example will need to complete four to six sales phone calls per week.

Putting It All Together

For the sample case, here is what those activity norms look like all in one place:

- Four completed sales telephone calls per week.
- Two face-to-face sales meetings per week.
- One \$10,000 average proposal submitted every week.
- One contract awarded every second week.

Making Your Progress Visible

One of the real benefits of setting sales productivity norms is that it provides a means to make progress against these norms clearly visibly. Just as proposals can be tracked on a wall calendar, similar trackings can be maintained for telephone calls, face-to-face meetings, and contract awards. There is something magic about making any goal—and progress toward it—clearly visible. Such visibility serves as a magnet to attract performance and focus it on the activities needed to make that goal become a reality. One of the most valuable contributions this section can make is to help you get one or more of these sales norms in a form you can easily and visibly measure.

Aiming High

It is usually as easy to sell a whole project as it is to sell just a part of it, and it is usually as easy to sell a large project as a small one. This is an important factor, because average order size has such an overriding effect on all the statistics discussed here. Although many consultants view it otherwise, this is a part that is subject to your control. In many instances the client has the budget and is willing to commit to a larger order if only the consultant would request it.

THE BASIC FACE-TO-FACE SELLING SKILLS

Consultants are usually well prepared for face-to-face selling. They are generally articulate, eager, and in good touch with the technology they apply to their clients. Therefore, you are probably already well prepared with many of the selling skills you need. However, if you take time to learn the basic skills that have helped other salespeople to succeed, you will find that those skills can help you in many ways, also.

This section overviews some of these basic selling skills and suggests additional resources to further prepare you in these areas.

Old Versus New Selling

Traditional selling placed emphasis on how to close the deal. The unspoken but underlying assumption was that somehow the salesperson had to persuade the customers to do something that they really did not want to do. The various recommended closing techniques had different elements of deception, trickery, surprise, and even humor connected with them. Little time was spent actually determining what the client or customer needed or trying to match the goods and services offered to those needed. All of the emphasis was on “closing.”

This, however, has not been and is not true in consultative selling. Here the “close” is the natural evolution of a relationship that starts with the salesperson’s asking questions and understanding the prospect’s true needs. If the goods or the services the salesperson is offering can help the customer meet those needs, the close follows naturally and spontaneously. Although there are many nuts-and-bolts issues that may need to be resolved in order to help the prospect purchase and acquire goods or services, the sale takes place in an atmosphere totally different from that of the classic hard-sell closing techniques that so many people associate with face-to-face selling.

The difference between the old and new selling techniques is seen in the amount of time spent in various activities during the selling situation. In the old techniques, most of the time was spent on closing; in the new sales techniques, most of the time is spent in understanding the client’s needs.

Five Important “Live” Selling Skills

The consultant who expects to be successful in face-to-face selling needs to acquire enough information and skills to meet at least minimum acceptable levels in five important areas:

1. Really caring about the client.
2. Asking questions.
3. Using the telephone.
4. Making presentations.
5. Dress and grooming.

The following paragraphs touch briefly on these topics.

1. *Really Caring*. This means caring enough to tell clients candidly when you cannot be of assistance or when they should not use your particular goods and services. It means also caring enough to learn about them, about their real needs, and about what they want and do not want.

Really caring includes demonstrating that care, beginning with the first contact with the prospect. For example, when you initiate a telephone call, ask whether it is convenient for the person to talk before you launch into a sales pitch. If it is not convenient, arrange to call back at a specified convenient time. Really caring includes

doing what you say you will do, from sending information to returning telephone calls to showing up on time for appointments. Caring also means listening actively in telephone conversations and face-to-face meetings so that you truly hear what the prospects are trying to tell you.

2. *Asking Questions.* Asking questions is one of the most powerful techniques, not only of selling but also of management. Asking, rather than telling, is one of the most important distinctions of consultative selling. If you need help in asking good questions, spend a few minutes before placing telephone calls or meeting face-to-face to write out specific questions. Questioning is the best way to discover what the prospective client needs.

Concentrate on asking questions that cannot be answered with a simple yes or no. Questions beginning with who, what, when, where, and why are more effective. If you ask a question that produces only a yes or no answer, follow up right away with a question that will elicit the more detailed answer you need.

Especially during initial telephone conversations or sales meetings, take time to learn enough about the clients' businesses to have at least a basic familiarity with what they do and how they do it. When asking questions to get information, write down the answers so you can refer to them later. No one is offended during a sales conversation if you make notes. If you tell clients you are making notes for future reference, they will generally respect your candor and will even pause so you can finish your notes before they go on to another topic.

3. *Using the Telephone.* Although most consultants are skilled in this area, one of the most important telephone skills goes back to the previous point of really caring. Get in the habit of returning all telephone calls promptly or arranging to have someone else return them. Everyone has been frustrated by the "telephone tag" that seems so much a part of today's business culture, and this problem is made considerably worse by those who ignore telephone messages or who do not return calls in a timely fashion.

When leaving a telephone message—either with a person or on a machine—leave a well-thought-out but brief message rather than merely your name and number. For example, a consultant who is selling quality-improvement services might leave the following message on the "voice-mail" machine: "My name is Mary Smith and I want to talk to you about your quality control problems. I believe I can help improve your quality by 25 percent. Please call me at 213-555-2234."

4. *Making Presentations.* Skills required for stand-up presentations are different from those needed in a one-on-one across-the-desk format. Fortunately, as with most other selling skills, these are easily learned from books, cassettes, and seminars.

5. *Dress and Grooming.* The main rule is to be sure that your personal and dress habits do not hinder your selling relationship. Common sense and a person's own good taste should be used. *Dress for Success* (Molloy, 1976) is an excellent resource that explains how dress has subtle but important influences on clients.

WRITTEN COMMUNICATIONS

In the consulting business, good face-to-face selling depends on and heavily uses written communications. The forms of written communication that consultants need to master include the following:

1. Customer/prospect correspondence.
2. Proposals/agreements.
3. Record keeping.
4. Supporting materials.

The following paragraphs address these four forms.

Customer/Prospect Correspondence

Because of the long sales cycle and the many meetings and conversations with clients and prospects, the consultant needs a great deal of correspondence (for example, to confirm telephone conversations, request information, and document the actions to which the prospect has agreed). Two dimensions of generating written correspondence need to be mastered: the mechanics of producing good letters and a file of standard letters to cover frequently recurring situations.

Efficiently Written Sales Letters. There are two principal means of producing the written correspondence: (1) dictating to a secretary or machine for transcription and (2) writing by hand or with a typewriter or word processor. Most individuals have a preference for one or the other, but experimenting with the opposite one may uncover certain advantages. For example, if you prefer to write out your correspondence so that you can make changes as you compose it, you may discover that you can dictate more quickly and then make changes at the draft stage. You may also discover that the tedious process of writing everything out had been robbing you of some of your creativity in letter writing.

To dictate new letters, first outline your message in a few phrases or cryptic references. An excellent aid to business writing is *Write to the Top* (Dumaine, 1989).

Standard Letters. When you encounter situations that keep recurring and that generate very similar letters and other correspondence, create a file or notebook containing a copy of the correspondence to serve as a reference for your future responses. Some of the letters may require revisions in only one or two paragraphs for new situations. In those cases, a copy of the letter edited by hand can truly be the most efficient means. If these letters are on a word processor, the editing job is even easier. Periodically go through the file or notebook and organize the letters by the kinds of major topics you are involved in; for example, organize by products or services or by the stage in the sales pipeline.

Proposals/Agreements

One of the most important items of written correspondence that every consulting salesperson needs is the so-called “proposal,” which summarizes the products or services to be rendered and all the other important terms of the deal. This is important because it wraps up in one tidy written package all the items of agreement that have occurred over (perhaps) many months. In fact, any large organization will most probably require a written proposal before placing an order.

A proposal need not be (and usually should not be) a long, complicated document expressed in highly legalistic terms with page after page of clauses about who does what and why. Such documents often set up an adversarial relationship between the parties. Most such documents specify what the parties shall and shall not do and often the penalties to be applied if they fail to do what they are supposed to do. Not surprisingly, such documents usually favor the party who drafts them and are therefore not the best vehicle to cement a cooperative win-win relationship.

Such documents also usually require a thorough review, thereby delaying the sale. Proposing such a legalistic document to a manager in a large organization will almost certainly cause the manager to seek the counsel of the corporate legal department. Lawyers are not paid to say everything is O.K. in the form they originally see it, so expect proposed changes and more negotiation. If the document looks formidable and binding, it will usually take a lot longer than if it looks nonthreatening and benign. Furthermore, such legalistic documents generally are not required.

A much better way to document the agreement and proposal is with a letter from the consultant to the client. The letter should be in conventional business style laying out in simple terms what you and the client have agreed on, including what, where, when, and why. Take care to make the letter clear but as nonthreatening as possible. When you reach a tough point, ask yourself if this is an adversarial viewpoint or a viewpoint that truly helps the client. If the latter is true, restate it to make it clear that this is the case.

Close the letter with a paragraph that says in effect, “I believe this covers everything we agreed on. If any of this does not agree with your notes or recollection, please let me know right away.” This paragraph basically puts the onus on the recipient to tell you if the letter is not correct. It does not require the client’s signature, because you told him or her to let you know if it was not correct. If the client does not tell you (verbally or in writing) that something in the letter is not correct, he or she accepts the entire letter. Silence gives consent.

If the client points out that something in the letter is wrong, you may want to document it with an addendum or merely change it on the original and your copy of the letter and initial the change.

If you have produced a written sheet of your consulting policies and practices, merely including this with your proposal letter or referencing it is much easier than having an order form with lots of fine print on the back.

Record Keeping

The kinds of records that need to be kept pertain to just about everything learned about the prospect or client as well as what is needed to prompt the consultant's activity. In terms of finding an organized way to maintain all the information on each client or prospect, nothing has really surpassed the standard manila file folder. A file can be started in alphabetical order by organization name with a folder for each prospect with whom the consultant has had a face-to-face meeting. That folder should contain all correspondence and notes from telephone conversations with that individual and any materials obtained during the consultant's visit. A separate file for each individual within an organization can be maintained. This is especially helpful in trying to develop additional buying points within a large organization.

Some way to prompt subsequent actions such as telephone callbacks is needed. A good method is to make a decision immediately following a conversation or meeting with a prospect regarding the next action and put it on some type of daily calendar (which might be a computer).

Consultants who are doing a lot of prospecting may want to have a separate callback prompting system. One technique is illustrated in Figure 3, which shows the front and back of a printed card. The cards can be filed in a sequence that indicates when the callback should be made. When a contact is made and a file folder established, the card can be taped to a piece of paper and inserted in the file as a record of how the contact was first made. Computers, of course, can be of great help in setting up and maintaining a client/prospect database.

Supporting Materials

The fourth type of required written materials includes those left behind with clients and prospects, such as biographies or resumes, capabilities of the consulting firm, existing client list and consulting policies and practices.

WHERE AND HOW TO GET PROSPECT LISTS

The emphasis on getting new sales leads comes predominantly early in the development of a consultant's practice or in the early stages of a sales career. Although a consulting business will always include some kind of lead-getting activity, as the consultant gains experience and exposure, more and more of the leads come from existing, satisfactory work. As mentioned previously, 60 to 80 percent of the business is likely to come from reorders by existing clients, with little or no lead-getting activity except remaining alert to additional needs of current clients.

For many consulting products and services, a few hours in the local library can provide a listing of every possible prospect in a geographic area. These are the people with the type of business the consultant wants to serve and the names of the principal contacts. Services such as Dun & Bradstreet, Contacts Influential, and National Business Lists specialize in providing names, addresses, and telephone numbers of people in key

1 2 3 4 5 6						7 8 9 10 11 12					
Company _____						Product _____					
Division _____						Card _____					
Code/Reference _____						Order-1 _____					
Remarks: _____						Order-2 _____					
Name _____						Order-3 _____					
Position _____						Inv. _____					
Company _____						Ck.Rec. _____					
Street _____						Ht/Lr _____					
City _____ State _____ Zip _____											
Phone _____											
Area Code _____ Number _____ Extension _____											
Nickname (For Place Card) _____											
Type of Business _____ SIC _____											
Secretary _____											

Company _____ Name _____ Phone _____ Ext. _____			
Date	Remarks	Next Action	
		What	When

Figure 3. Sample Manual Sales-Activity Record

positions in the types of businesses you specify. These organizations can also provide information on the firm's size and number of employees and possibly even credit information for, of course, some service fee. However, this could be money well spent.

Once you know whom you are going to contact, the next step is to decide how to get the person to talk to you. This may involve letters and telephone calls. For this purpose, you may wish to acquire your prospect list in a computer-readable form so that it will serve for mailing labels and/or customized letters. If the list contains only a few hundred prospects, an efficient way may be to hire a clerk to enter the information on the computer.

Remember, the most valuable prospect for either the internal or external consultant is one who has already responded to you and has inquired about some product you offer or service you provide. This could involve the work you do with direct mail or telemarketing; public seminars you offer; your activities at conferences, trade shows, expositions, and other meetings; your own showcase or preview sessions; or the work you do to stimulate referrals from your existing clients.

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■ THE INITIAL INTERVIEW: ASSESSING CLIENT NEEDS

Dan Stone and Robert J. Marshak

INTRODUCTION

In times of confusion and uncertainty, organizations often turn to organization development (OD) consultants for help in addressing troublesome problems. The consultant's first task is to understand the exact nature of the client's concern and then to assist in selecting appropriate strategies. Figure 1 provides a basic set of initial interview questions for a consultant to ask. These questions have been specifically prepared to ensure that all relevant information is considered before a consultant and client commit to a particular course of action.

Although a great deal has been written on the theory and practice of organization development, relatively little mentions the first interview with the client. The importance of this first interview lies in the fact that it forms the basis for the continuing relationship. To help ensure a successful first encounter, the questions in Figure 1 focus specifically on key areas that build the foundation for the helping relationship.

One major task for a consultant is to help the client to reflect and to clarify concerns. Simply leading the client through the sequence of thought in this first interview may be an important intervention. By the end of the initial interview, the client may have found a solution that he or she is fully empowered to enact without further consulting assistance. On the other hand, this first interview may well be the beginning of a productive long-term consulting relationship.

This article begins by introducing the purpose of the first interview and the stance the consultant needs to establish in building a productive working relationship. Next each of the questions is examined in detail to expose any underlying nuances. Several suggestions then are made as to how to use these questions most effectively. Finally a sample work sheet incorporating the questions is provided for consultants to use or adapt.

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1. What is the problem or the reason that you called me in?
2. What is the impact of this problem?
3. What factors contribute to perpetuating the problem?
4. What have you tried so far to address the problem? What have been the results?
5. Ideally, what would you like to happen?
6. What interventions might bring about this preferred solution?
7. What forces support this intervention?
8. What forces inhibit this intervention?
9. What are you (the client) willing to invest in finding a solution?
10. What do you want from me (the consultant)?
11. Is there anything else that I need to know in order to understand the situation?
12. What are the next steps we need to take?

Figure 1. Initial OD Interview Questions

PURPOSE OF THE INTERVIEW

The first client interview has the following basic purposes:

- To build rapport with client;
- To gather information; and
- To form an agreement for proceeding.

Typically the initial interview is not intended as a complete diagnosis of the client system. Furthermore, the initial interview may not necessarily result in a contract for conducting an OD intervention. Instead this first interview is designed to help the consultant get a sense of how to approach the overall client system in order to move forward with diagnosis or intervention. Therefore the consultant and the client both need to be clear that the interview is a preliminary stage of the consultant's involvement with the client system.

THE CONSULTING STANCE

Certain basic elements in the consulting stance can help to build rapport, gather information, and form agreements. These elements are outlined in the section that follows.

1. *Be supportive.* In order to establish an optimal relationship, clients must feel safe enough to be vulnerable. Vulnerable areas often are areas of potential incompetence or areas in which the client might be criticized for not addressing the problem successfully. Autonomy is a key to maintaining a person's self-esteem; the very act of calling in a consultant sometimes can threaten that sense of autonomy. Therefore it is important for the consultant to communicate a general message to the client that it is perfectly acceptable to ask for help and that the client will not be judged, blamed, or criticized for the information he or she is about to share.
2. *Be attentive.* Although the twelve questions suggested provide a basic progression of thought, consulting should be fundamentally client centered. Therefore the consultant needs to be aware of the client's progress through the discussion. That may mean following digressions, tolerating apparent irrelevancies, and sharing control of the interview process. The consulting stance is to view everything the client does as data that may or may not be immediately comprehensible.
3. *Be definitive.* Much of the initial interview consists of the consultant's "taking in" the client's reality, and it is essential that the consultant understand how the client sees and experiences the world. Having done that, the consultant must establish his or her own identity and role in the process. A healthy consulting relationship requires an explicit and concrete understanding of the client's and consultant's mutual expectations.

Although each of these principles is important, their relative emphasis may shift at different phases of this initial interview. For example, it is generally important to avoid being too definitive until the later stages of the discussion; however, showing support may be important throughout the interview, especially with an edgy client.

OVERVIEW OF THE QUESTIONS

Each of the twelve questions is quite simple. Understanding the rationale for each question will enable the consultant to concentrate on its intent rather than simply to complete a rote sequence of information gathering. Understanding the objective of each question is also important in being able to generate appropriate follow-up questions and probes.

1. *What is the problem or the reason that you called me in?* This is the obvious starting place, inasmuch as clients call consultants to help solve problems or address

issues. This question opens the door to understanding the source of the discomfort, pain, or unfulfilled potential with which the client wants assistance.

Sometimes the answer a client initially gives takes the form of a solution, as if the interviewer's question had been "What do you want to do about the problem?" For example, one client was asked what the problem was and replied, "We need a team-building session." A natural follow-up question could be to ask about what had been happening that led to that conclusion. It is important that the consultant have a clear picture of the current situation that the client wants changed and not simply the mechanism the client has established for making that change.

A client may be reluctant to discuss the problem for a variety of reasons. It is helpful to remember that maintaining control is a critical need for many people, especially managers. For some people, to admit to problems that they cannot solve is an admission of being out of control. Therefore getting the client to focus directly and openly on describing the presenting problem may be a delicate task requiring tact and interviewing skill.

2. *What is the impact of this problem?* After exploring the client's perception of the problem, the consultant examines the dimensions of the problem:

- Where is the problem occurring or not occurring?
- To whom is the situation a problem?
- When does the problem occur or not occur?
- When the problem occurs, what is the result?

The nature of problems is that they cause pain; inasmuch as most people prefer to avoid pain, they often choose to avoid looking closely at problems. This question (along with follow-up probes) is intended to support the client in taking a closer examination of the problem—perhaps in new ways.

3. *What factors contribute to perpetuating the problem?* Once the consultant understands the basic dimensions of the problem, it is important to know the client's perception of why the problem is occurring. Despite asking the client to assess the forces contributing to the situation, the consultant must be aware that the client may well bring his or her own sources of distortion to this assessment. The consultant must remind the client that this is a preliminary interview and that in most instances there will be additional data gathering prior to the consultant's drawing any conclusions. In this way, the consultant also opens the client to the possibility of forces other than those that have been previously identified.

This may also be a time for the consultant to offer other possible interpretations, not as conclusions but simply to test ideas and help the client expand the range of possibilities. Note that the phrasing of this question assumes that problems are multi-determined. Although this premise sometimes may be argued, the consulting stance here is one of open inquiry into possible explanations or interpretations without prematurely closing on a single explanation.

4. *What have you tried so far to address the problem? What have been the results?*

In general people like to believe that they can solve their own problems. This is especially true of managers, who are paid to resolve management issues. To preserve the self-esteem of the client (a key process goal of the interview), it is essential to acknowledge the client's efforts to address the problem and his or her perceptions about the results. These may be important data for what might not work in the future and for factors that must be considered for a successful intervention.

5. *Ideally, what would you like to happen?* After exploring the current situation, the client may well be ready to focus on the future. This is the time to assess and potentially to tap into the client's energy and enthusiasm for having things change. Although this may well not be the final goal statement, posing the question invites the client to a more empowered position.

In exploring this area, the client should be asked to describe the preferred situation as specifically as possible, using questions such as the following:

- If the situation were how you want it to be, what specifically would people be doing?
- How exactly would people be feeling?
- What would be happening in the environment? (For example, what would customers be saying/doing/thinking?)
- What specifically would the product or service be like?

When the client is finding it difficult to commit to a particular vision for the future, another question might be "What might it be like if the situation were more the way you want it?" This can free up the client to discuss possibilities that he or she is not yet ready to support.

If the client seems reluctant or de-energized by the question, other factors may not be clear to the consultant. It may simply mean that the client is not ready to move forward, in which case the consultant can simply acknowledge that in a nonblaming manner and allow the client to indicate the next move.

6. *What interventions might bring about this preferred solution?* This brainstorming question is intended to elicit a range of possibilities. An underlying premise in much of OD is "equifinality"—in other words, there are various ways of doing things. More precisely, equifinality means that equally valuable results can be achieved through a variety of means. Therefore if the client provides only one option, a good follow-up question might be "What other options might be helpful?"

After generating options for bringing about the preferred situation, it may also be helpful to ask what criteria need to be met by whatever option is selected. For example, criteria might concern costs, timeliness, who is involved, how much data gathering is required, and so on. Once these criteria are known, the various options can be tested against the criteria and a tentative decision can be made.

The consultant should also contribute expertise in terms of options and their likely consequences. If the client is overlooking an important option or is leaning toward an option that the consultant's experience has shown not to work, this is the time to speak. After all, the process consultant is being hired for his or her process expertise.

7. *What forces support this intervention?* and

8. *What forces inhibit this intervention?* After a direction has been determined, it is important to detect any hidden mine fields and to identify additional support that could be enlisted to help ensure success. Examples of forces (either supporting or opposing) include the following:

- The motivation levels of the employees involved;
- The presence (or absence) of key allies within and outside the client system;
- The adequacy of resources, including money and time;
- The level of support for such activities within the organizational culture; and
- The timing of the activities and how they fit with other events or stages within the larger organizational context.

Once these forces have been identified, the client should be asked to reassess how reasonable the selected approach will be. Assuming it is still a "Go," these forces should be incorporated into any plans.

9. *What are you (the client) willing to invest in finding a solution?* By this point in the discussion, the client and the consultant will be much clearer about the nature of the situation, the potential benefits of addressing it, and the likelihood of success or failure. It is now time to address costs and risks.

For most interventions, the primary costs focus on money and time. Risks may include potential loss of the client's credibility in the organization, the situation worsening, or the emotional pain of going through the intervention.

In asking the client to assess these costs and risks, it may also be necessary for the consultant to help reality-test the situation. For example, the client may wish to know whether a team-building approach is likely to succeed. This can be addressed by discussing the consultant's overall experience with the success of team-building approaches.

However it is done, the client needs to be clear about the costs and risks and make choices as to whether or not to proceed.

10. *What do you want from me (the consultant)?* Assuming that the intervention is still a "go," the consultant can move toward exploring his or her role in the effort. Although in some cases the client will be ready to move toward formal contracting, other cases will need additional data gathering or a time lapse before a contract can be developed. In either case, the consultant's role in the intervention should be explored. It is especially important to clarify the following points:

- What specifically will the consultant do and what conditions does the consultant need to meet (time frames, checking out products or processes before use, confidentiality, and so on)? and
- What will the client do and what conditions does the client need to meet (introducing the consultant, handling administrative details, making payments, and so on)?

This discussion needs to produce a mutually satisfactory agreement on roles and conditions for the future relationship, in which the following points are covered:

- The consultant's role is defined in a way that will allow successful performance; and
- The client's role is defined in away that will ensure the necessary support and commitment.

Before reaching a final agreement, the client and/or consultant may want additional time to gather more data or simply to reconsider this agreement and to renegotiate. This may also be a time to hit the "pause button"; if there is any sense of discomfort or uncertainty about the direction being taken, either party might request or suggest a delay. However, if it seems that both parties are comfortable and committed to moving forward, the time may be ripe for concluding an agreement.

11. *Is there anything else that I need to know in order to understand the situation?*

This is a catch-all question. Experience also shows that human communication is not always a linear process; questions that are addressed early in a discussion might be answered in a different light or with different information later in the interview. This is a last check so that the client may reflect on the total discussion and add whatever additional thoughts he or she might have.

12. *What are the next steps we need to take?* Before ending, there need to be agreements about how and when further communication or contact will occur. If the results of the meeting need to be documented or contracts prepared, responsibility needs to be assigned.

In addition, this might be a time to recognize that a relationship has begun. Two or more individuals have come to know things about one another that may be quite intimate, perhaps exposing vulnerabilities that normally are not shown. There may be value in acknowledging the level of discussion that has taken place and reassuring the client that their problems and concerns will be handled with care. If appropriate, it may also help to offer whatever level of reassurance can be genuinely provided on hopes for improvement or on the likely success of what the client is attempting to achieve.

USING THE QUESTIONS

These twelve questions are intended as a general framework for discussion and are not meant to be restrictive or a prescriptive formula for success. Clearly there are variations

on questions and avenues that either extend the questions posed or go off in other directions. The first rule is to follow the client. However, having so followed the client, the questions may help the consultant to reorient by providing a checklist of areas to have covered prior to finalizing an agreement for further work with the client.

The questions primarily focus on the client's perspective on the problem and what is needed. This is not to preclude the consultant from providing his or her own expertise and perspective in either suggesting interpretations or providing options for proceeding.

Further, the questions are primarily intended to orient the consultant to areas of inquiry and do not necessarily represent the optimal phrasing or level of detail. For some areas, it may be necessary to employ numerous probes; in others, the simplicity of these questions may suffice. These questions should not preclude the consultant from following additional lines of inquiry based on the information the client is providing, nor from phrasing questions in a manner that is natural to the consultant and the situation.

VERBAL INTERVIEWING TECHNIQUES

In exploring the client's answers to the questions, the consultant may use a variety of interviewing techniques to draw out, probe, or extend the client's responses. Three primary sets of techniques have been described by Jones (1973). These techniques, outlined in Figure 2, help to ensure that the client and the consultant have a highly productive discussion around the questions and the answers.

FINAL THOUGHTS

Although the questions are presented in a set sequence, the interview may not flow in such a linear fashion. It may be necessary to jump around or cycle back through questions that were addressed earlier.

Finally, these questions are intended for use during an initial diagnostic interview; however, there may be situations in which the consultant might provide the questions to the client in advance of the interview. This might be particularly helpful under any of the following conditions:

- The presenting problem is particularly complex or requires extensive thought as to its roots;
- Time for the initial interview is limited;
- The organization's norms are more consistent with the submission of written questions in advance of meetings; and/or
- This particular client prefers to reflect in advance on the questions.

Probing Responses	Understanding Responses	Supporting Responses
<ul style="list-style-type: none"> ■ General leads: questions that are nonspecific ■ Binary questions: yes/no questions ■ Follow-up leads: specific questions based on prior responses ■ Cue-exploration leads: questions phrased in responses to cues given by the client ■ Continuation leads: questions designed to keep the client talking about a particular topic ■ Amplification leads: requests for further explanation ■ Testing: questions that test out theories that the consultant is forming 	<ul style="list-style-type: none"> ■ Restatement: repetition of the client's words ■ Paraphrase: restatement of the client's response in the consultant's words ■ Reflection: mirroring back to the client of the feelings that the consultant believes the client is experiencing ■ Summarization: recapitulation of the data gathered thus far 	<ul style="list-style-type: none"> ■ Sharing: descriptions of situations that the consultant has experienced that are similar to those being described by the client ■ Consoling: sharing feelings of concern for the client ■ Expressing caring: demonstrating that the client and the consultant are building a relationship

Figure 2. Verbal Interviewing Techniques

This set of twelve questions is a general framework for dialogue. Used skillfully, the questions allow the consultant to draw on all of his or her powers of observation and skills so as to establish rapport and ensure a productive and valuable client-consultant relationship. Figure 3 shows an example of how these questions could be incorporated into an Initial Diagnostic Interview Work Sheet.

Note that the client's responses and the rationale behind the questions should drive the dialogue, not the specific words or order of inquiries on any protocol.

REFERENCE

Jones, J.E. (1973). The sensing interview. In J.E. Jones & J.W. Pfeiffer (Eds.), *The 1973 annual handbook for group facilitators* (pp. 213-224). San Diego, CA: Pfeiffer & Company.

CLIENT: _____ DATE: _____

1. What is the problem or the reason that you called me in?
2. What is the impact of this problem? (For whom is it a problem? Where is the problem occurring or not occurring? How big is the problem? What would be the consequences of not addressing the problem?)
3. What factors contribute to perpetuating the problem? (What are people doing or not doing that is creating or sustaining the problem? How might such things as organizational reward systems, structures, rules, policies, relationships, and so on contribute?)
4. What have you tried so far to address the problem? What have been the results? (What has worked? What has not worked? Why?)
5. Ideally, what would you like to happen? (What would it be like if the situation were the way you want it to be?)
6. What interventions might bring about this preferred solution? (Which do you see as most likely to succeed? Why?)
7. What forces support this intervention? (Key people, resources, time, outside events, and so on.)
8. What forces inhibit this intervention? (Key people, resources, time, outside events, and so on.)
9. What are you (the client) willing to invest in finding a solution? (Your time? The time of others? Money? Risk? Involvement? Commitment? Resources?)
10. What do you want from me (the consultant)? (Support? Active involvement? Resources? Type(s) of consulting services? Nature of the relationship?)
11. Is there anything else I need to know in order to understand the situation?
12. What are the next steps we need to take (Who? What? When? How? Where?)

Figure 3. Initial Diagnostic Interview Work Sheet

■ TRAINING IN MEXICO AND CENTRAL AMERICA

Kevin M. Kelleghan

Abstract: Training in Mexico and Central America offers exciting training opportunities, but it is necessary for consultants to inform themselves about the history and background of the Latin American countries that they will work in. Brief reviews of the economies and training climates of Mexico, the six countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Belize), Panama, and other countries in South America are offered. Success for U.S. trainers or consultants in Latin America may well depend on whether they are able to adapt to doing business “the Latin way.”

The article addresses the importance of relationships, the “*mañana*” perspective, reservations about language difficulties and payment, travel preparations and considerations, handling materials, audience expectations, and special challenges offered south of the border.

Quick tips on doing business in Latin America and a list of further resources add to the practical information in the article.

During the thirteen years that I have managed and presented training programs in Mexico and Central America, I have spoken before motivated, knowledgeable, and exacting audiences of middle and senior executives and commanded the same fees (or higher), in U.S. dollars, that I receive in the United States.

And that’s just about where the similarity ends.

Knowing some background about Latin America before you go can help you succeed in your consulting efforts. Invest several hours to gain a working knowledge of the history, recent politics, economy, and culture of the country or countries in which you will be working. Your Latin hosts will appreciate your interest and extra effort and will be more receptive to your message.

BACKGROUND

Mexico

Although Mexico’s economic woes have captured headlines, particularly following the North American Free Trade Agreement (NAFTA), trainers should not write off opportunities there. Of the six countries between the Rio Grande and the Panama Canal, it is by far the most attractive market. Devaluation of the peso and its consequences may be a primary concern right now, but devaluation has burdened every administration in Mexico for two decades. Since 1976, each president has dealt with devaluation and subsequent economic distress. Yet after every recession, Mexico, like the phoenix, restores itself to new heights of growth.

Originally published in *The 1997 Annual: Volume 1, Training*. San Francisco, CA: Jossey-Bass/Pfeiffer.

Prior to 1976, Mexico had enjoyed a 20-year reputation as a stable, emerging third-world economy, and investors gorged on Aztec stocks and bonds. Business enjoyed tariff protection, availability of investment capital, an incentive tax structure, and labor peace. All of this gave rise to the so-called “Mexican miracle,” fueled by basic industries and manufacturing, especially steel and automobiles.

The automobile industry, as an example, spawned suppliers producing engine parts, batteries, tires, radios, plastics, glass, and other components. But Mexico’s prize is oil, managed by state-owned *Petroleos Mexicanos*, or Pemex. The nation boasts about 5 percent of the world’s crude oil reserves and ranks eighth among the world’s oil-rich nations—those that each have at least fifty billion barrels of the world’s reserves. These eight nations have a stunning 80 percent of all the oil reserves on earth.

Mexico’s economy has expanded dramatically during the past twenty years, as a result of the discovery of those vast oil reserves. Promising young managers study for advanced degrees at Ivy League business schools. They can afford to; business is booming and companies are mushrooming to conglomerate size.

Although the country is undergoing another recession, the nation has a strong manufacturing and service base, abundant natural resources, and an intelligent and progressive work force. Some of Mexico’s most prominent business titans rank among the richest men in the world. Mexican business people admire U.S. management techniques and are eager to learn them. Recent topics have focused on management skills in manufacturing, human resources, and sales.

One final and important note: Mexicans consider themselves just as “North American” as U.S. citizens do, since the country is on the North American continent. As a matter of fact, the full name of Mexico is *United Mexican States (Estados Unidos Mexicanos)*, which is quite similar to *United States of America*. To avoid offense, refer to yourself (and other compatriots) as *North Americans*, rather than as “Americans.”

Central America

Six countries compose Central America: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Belize. Panama, which would be included in this group by many Americans, is not considered part of Central America by its neighbors. You will demonstrate your knowledge of the region by treating Panama separately when discussing it with your Central American clients.

Costa Rica

Costa Rica draws thousands of U.S. tourists and investors every year. A nation at peace with its neighbors, it has no army and boasts a 92 percent literacy rate. Managers there have told me they are interested in advanced management techniques. The *Instituto Centroamericano de Administracion de Empresas* (Central American Institute of Business Administration), referred to by its initials, INCAE, boasts superb training facilities. Nestled near a village just outside San Jose, INCAE is associated with Harvard. During the weeks I conducted workshops there, I stayed in a two-bedroom

cottage supplied with servants, dined with students in a dining room next to a large swimming pool, and was chauffeured each day to modern, luxuriously equipped classrooms.

El Salvador

El Salvador's attraction is a peacetime economy after a lengthy war with guerrillas. Government-financed construction is booming, and Salvadoran consumers are flocking to malls on balmy nights, something they were deprived of during the conflict. The owner of a restaurant chain asked me to write a program on cutting-edge advertising and promotion techniques, an indication that consumers are a key to the thriving economy. Another of my clients, based in Miami, organizes workshops for the Salvadoran government and has been providing agricultural training for several years. As an example of Salvadoran motivation, the owner and publisher of the country's largest newspaper sat in as a participant during my week-long seminar on business writing skills for mid-career journalists.

Guatemala

Guatemalans, who are exceptionally friendly and generous, may need some introduction to the fundamentals of any area you may teach before you move on to more advanced concepts. I have presented training sessions in resorts, some of which are located near Guatemala City. The country is popular with Americans, both retirees and investors, who live in sumptuous residences in charming towns (in which you might conduct workshops).

Honduras

Unlike other Central American countries in which the capital is virtually the only important city, Honduras has two major cities: the capital, Tegucigalpa, and an industrial center, San Pedro Sula. Of the two, I prefer to work in San Pedro Sula. There is an entrepreneurial spirit in San Pedro. When I was brought in from Chicago to provide management consulting for a spanking new, full-color daily newspaper, I found the staff knowledgeable, industrious, and eager to absorb more knowledge. For example, they invested extra hours in overnight assignments.

Nicaragua and Belize

Nicaragua currently offers limited opportunities for U.S. trainers because of its struggling economy. Nevertheless, my week-long program in Managua was held in a modern, sprawling conference center that provided every amenity, including a white-tablecloth restaurant. Many attendees spent several hours at work before the day-long session, then returned to their jobs after the workshop.

Belize, the smallest nation in Central America, nestled next to Guatemala, is a mecca for tourists and is less likely than other Central American countries to provide consulting opportunities.

Panama

Panama is especially attractive to U.S. trainers. Although the United States has a roller-coaster reputation because of U.S. control of the Panama Canal and U.S. intervention in the country's internal affairs, most sophisticated Panamanian executives leave their personal feelings about the United States outside when they walk through the training-room door. Only one person has ever revealed antagonism toward the U.S. during the many training sessions I have conducted. Panama is enjoying a construction boom. Interest is keen in the issue of the management of the Panama Canal when it reverts to Panama in the year 2000.

Background on South America

Although the focus of this article is on Mexico and Central America, several South American countries may be of interest to trainers and are mentioned briefly here.

Venezuela

Travel time is a consideration to the central and southern countries of South America, although flights to northern countries are not much longer than journeys to Central America. My flight time from Miami to Caracas, Venezuela, was about the same as a flight to Central America. Although a banking problem rocked its businesses last year, Venezuela's oil wealth is apparent in its high-rise office buildings. There is a strong U.S. business presence.

Colombia

Colombia's economy has been growing rapidly. My work for a multinational publisher took me to an impressive, thriving, office and commercial complex in Bogota.

Argentina, Chile, and Brazil

These are the three most interesting countries for U.S. trainers in the southern part of the hemisphere. Argentina has been struggling with recession following the impact on investment after the Mexican peso crisis in 1994. Chile, with an 8 percent growth rate, is attracting investment around the world. Both countries reflect strong European influence. Brazil, the only nation in Latin America that speaks Portuguese, finally managed to control inflation in 1994. The computer industry is attractive for information systems trainers.

DOING BUSINESS THE LATIN WAY

Success for U.S. trainers and consultants who are examining opportunities in Latin America may well depend on whether they are able to adapt to doing business “the Latin way.” You need to be aware of significant differences between U.S. and Latin American cultures, especially in areas of acceptable business practices and negotiation styles.

Relationships

For example, never begin a sales call by getting right down to business. People in Latin America are less direct than their U.S. counterparts. Manolo Santibanez, originally from Spain and CEO of an information systems consulting firm in Mexico City, describes this characteristic:

If you want to sell peanuts to your potential client, for example, you would first talk about everything but peanuts. You might discuss the weather or your flight to Mexico City. You could talk about your plans to tour the city. But you would never begin a sales call by telling your client that you are interested in selling peanuts.

Relationships are critically important. Latin American clients want to get to know you first and then discuss business. Plan to spend a portion of your first phone call or visit just getting to know your client before you discuss training or consulting. Moreover, although you may become impatient, never pressure Latin Americans for a decision.

Get used to shaking hands with everyone in the room when you meet with Latin Americans. Every time you meet someone, you shake hands. Every time you leave, you shake hands again. Women greet and depart by bussing one another on the cheek. When you say good-bye to one person in a group, custom requires you to say good-bye to everyone else, no matter how long this takes. Carry a full box of business cards to hand out freely as you shake everyone’s hand.

Mañana

Another characteristic that is significantly different from U.S. culture is the tendency in Latin America to put things off. You will need to gain a new understanding of the word “tomorrow,” or *mañana*. It really means “at some point in the future,” which may not necessarily be tomorrow.

During a consulting assignment in Honduras, for example, I was asked by a client to recommend a motivational trainer. I suggested a friend, an international trainer and author, and also offered to contact him. When I called him, he was interested and immediately faxed a proposal to the Honduras contact, including available dates. He heard nothing for several days. When he called me to ask for advice, I pointed out that Latin Americans generally take longer to respond than North Americans. He was impatient to fill that date but never got the immediate response he was used to in the U.S. The solution: set a date that is far enough in the future for the Latin American client to make a final decision.

On another occasion, a client from Mexico City asked me to submit an outline for a seminar on long-range sales planning. That was followed by an urgent request for a complete outline and suggestions for the brochure copy. Everything seemed to be flowing smoothly. But after all that, I did not hear from the client for several weeks. I called the program coordinator, who said that the seminar would definitely be presented in a public program and she would soon confirm the date. When she finally got back to me, it was to tell me that the seminar would be presented a year later! (The seminar went extremely well, with fifty-five participants.)

Although such experiences may not be uncommon in the United States either, they happen with much more frequency in Latin America. This *mañana* characteristic is referred to as *informal* in Spanish. Latin Americans lament this characteristic in their culture, but they are used to others being late for appointments and they compensate by arriving late themselves—a sort of chain reaction. Actually, the *informality* of the business people you will be dealing with is not the problem; most executives begin and end appointments on time. The problem is the people around the executives you will deal with. Many of these people continue to do things the old-fashioned, *mañana*, way.

Sometimes a delay is caused by conditions beyond your client's control. Latin Americans occasionally have to scramble for hard currency, for example, and may put off a final decision until they are certain that the dollars are in hand to pay your fee, travel expenses, and program costs.

Reservations

Trainers and consultants should not hesitate to present workshops south of the border because of concerns about the language barrier or payment, which are the reservations I have most frequently heard. Neither of these has been a problem for me.

If you are not fluent in Spanish, you can speak English in every Latin American country you work in. If some members of the audience are not comfortable with English, the client may arrange for simultaneous interpretation. This will require that you wear a lavalier microphone so that the interpreter can hear you through earphones. The interpretation takes longer—Spanish uses 20 percent more words than the English equivalent. If you are a fast talker, you may be asked to speak more slowly. There also will be times when you will have to stop speaking entirely until the interpreter catches up with you.

TRAVEL TIPS

Preparations and Considerations

Mexico and Central America are easy to get to. Direct flights to Mexico City depart from a number of U.S. cities, and you can travel directly to Monterrey, Mexico, an industrial city, from Dallas/Fort Worth. However, for most flights to Central America, you will change planes at the Miami airport. On your return flight through Miami, you

will need to walk a considerable distance from your arrival gate to baggage handling, take your bags through U.S. customs, and then go back to your domestic flight gate; so allow forty-five minutes or more between flights.

Because of long flights, try to schedule workshops or consulting in several countries below the border. For example, on one trip, I worked my way down one coast—beginning in Bogota, Colombia, then to Guayaquil, Ecuador, next a short flight to Lima, Peru, and finally to Santiago, Chile. I returned on a nonstop flight to Venezuela for a meeting with a client in Caracas.

A passport is essential, and some countries also require a visa. You generally will not need a business visa, but check with the country's consulate to be sure. The country in which you will be working may require that the visa be stamped in your passport. Arrange for that well in advance. The procedure is simple: call the country's consulate nearest you for requirements and then mail in your passport, along with any fee. (Some visas are free, but Bolivia charged me \$50.00.) Generally, the visa-stamped passport will be returned within a few days.

For guidelines on vaccinations needed for a specific country, check with your county health department. Nurses also usually have up-to-date information.

Materials

You can carry participant workbooks and handouts with you, but this is usually unnecessary, unless there are special circumstances such as proprietary materials. I prefer to send a master copy of my workbook to the client. If you send the materials well in advance, the client may even arrange to have them translated and copied in Spanish. This is always preferable but not always necessary. There may be a few members of your audience who are not fluent in English, and a translation is a nice courtesy.

PRESENTING IN MEXICO AND CENTRAL AMERICA

Demanding Audiences

Audiences are sophisticated and demanding, a characteristic I have found especially true in Mexico. Many participants take extra time to write extensive critiques on their evaluations after a seminar. These extremely helpful comments also reveal their high expectations. In one workshop I presented two years ago in Mexico City, a participant sitting near the front of the room followed the brochure outline with great care, ostentatiously checking off each topic as it was delivered. He was not the only one, I learned later.

Challenges

Training in Latin America offers excitement and challenges you may never experience in a workshop in the United States. On one occasion, in San Salvador, a bomb exploded while I was presenting *When the Press Picks You for an Interview* to a group of fifty

senior-level executives. Although the war was in its last throes, the guerrillas still planted bombs occasionally. On that second day of the week-long workshop, guerrillas knocked out a power station just six miles from our training site. Although electricity was cut off, a generator kicked in to maintain air conditioning. Unfortunately, the generator was just behind me at the front of the meeting room. It was so loud the audience could barely hear me.

The executives were apprehensive, and, although it was never mentioned, I had visions of guerrillas holding hostage this high-powered group, which included a cabinet secretary and the mayor's wife.

That afternoon the client came to me and asked if I wanted to cancel the program because of the danger. "I didn't come all this way to turn around and go back home just because a power station was blown up," I responded. "If the group wants to continue, I will too." Apparently my bravado impressed the attendees. Every one of them decided to continue with me. There was no further guerrilla activity, and the workshop was even extended by a day.

Quick Tips on Doing Business in Mexico and Central America

1. Do not show exaggerated interest. You may very much want this contract for the experience or to expand your résumé, but be prudent in your negotiations.
2. Use humility to your advantage. A trainer may feel that he or she is delivering advanced technology, "American know-how" that Latin Americans ought to be grateful for. Remember, Latin Americans put personal relationships before business relationships. A more gracious and empathic approach would be: "I'm flattered that you're doing me the favor of hiring me for your training needs."
3. Put everything in writing. Prepare your contract in English if you like so that the content is just as you wish, but then have it translated into Spanish. This is when you should spend a little more to get the best translator available.
4. Do not sign a contract that you receive by fax. Negotiate by fax, make changes or suggestions, but sign and airmail a hard copy of the final agreement.
5. Dress formally, always. Business dress is always correct in Latin America. Although you might dress in jeans or shorts and sneakers in your own office, always wear modest and conservative clothing when conducting business in Latin America.
6. Use titles. Anyone who has graduated from college has earned the right to the title *Licenciado*. Lawyers are addressed as *Licenciado* as well, which may appear in its abbreviated form, *Lic.*, before the person's name on business cards. Engineers are addressed as *Ingeniero*, which appears as *Ing.* before the person's name.
7. Accounting methods are different in Latin America. Ask your host, or an attorney in the country, for specific advice. Your client may be required to

withhold local income tax. Remember that overseas income must be reported to the IRS.

With a bit of preparation and knowledge, you will find that Latin American countries hold many rich, exciting, and satisfying opportunities for your consulting expertise.

Resources for Further Information

You may find some of the following listings useful in your search for additional information:

- *Background Notes* is a series published by the U.S. Department of State. They are my first source for easy-to-read background information on any country. Available at nominal cost from the Superintendent of Documents, U.S. Government Printing Office, Washington D.C. 20402, Tel (202) 783-3238. Updated frequently.
- The National Trade Data Bank Compact Disk (NTDB CD), released monthly, with more than you will ever want to know about every country, is available nationwide in some local libraries, Federal depository libraries, and many college libraries. To order one CD or an annual subscription, for the address of the library with the CD nearest you, or for further information, call (202) 482-1986. Or call or write Denise L. Wood (who contributed to this resource guide), International Trade Coordinator, Rockford Area Council of 100, Rockford, IL 61103; Tel (815) 987-8128.
- *Commercial Guides* by country are full reports on trade conditions and best prospects for trade, the business climate, and trade resources. Each ranges from forty to one hundred pages. They are included in the NTDB CD, or call the Department of Commerce export office: 1-800-USA Trade (1-800 872-8723).
- The *CIA World Factbook*, also on the NTDB CD, contains extensive demographic information. Call (202) STAT-USA (202- 782-8872).
- The Internet address for information is www.stat-usa.gov, and the ftp address is [ftp.stat-usa.gov](ftp://ftp.stat-usa.gov). There is a fee for access to the NTDB. The most recent price was \$25 for three months and \$100 for one year of unlimited access; check for the current price.
- *Market Research Reports* provides industry reports by country, project-bid information, and economic trends, and other reports on the NTDB CD.
- If you are exploring opportunities to establish a business in any Latin American country, Price Waterhouse World Firm Ltd. publishes an excellent soft-cover series called "*Doing Business In . . .*" Each publication profiles the business environment, foreign investment, trade opportunities, investment incentives,

restrictions on foreign investors, the regulatory environment, banking and finance, exporting, labor relations, and other topics. The books also cover taxation and setting up joint ventures and partnerships. Available for \$20 per copy: 1251 Avenue of the Americas, New York 10020; Tel (212) 819-5000; Fax (212) 790-6620.