3RD EDITION

ORGANIZATION DEVELOPMENT

A practitioner's guide for OD and HR

MEE-YAN CHEUNG-JUDGE
LINDA HOLBECHE

KoganPage

PRAISE FOR *ORGANIZATION DEVELOPMENT,* THIRD EDITION

This book is our go-to recommendation for all OD practitioners working in the NHS in the UK. We know from experience that for those new to OD, as well as those more experienced, this is a must-have handbook. This updated edition will be particularly valuable for our NHS OD community, with its new additions and excellent insights specifically aimed at both internal HR and OD consultants.
Karen Dumain and Paul Taylor Pitt, Co-leads of Do OD – the expert resource for OD in the NHS

This latest edition of the now classic compendium of OD and HR theories, practices and viewpoints, adds new developments and further integrates trends that were emerging in the previous editions. Readers will benefit from the authors' comprehensive knowledge of theory and practice, and their ability to speak to current developments and organizational challenges of the 2020s. This edition deserves a place in every practitioner's reference library.
Robert J Marshak PhD, author of *Dialogic Process Consulting: Generative meaning-making in action* and Co-editor of *Dialogic Organization Development: The theory and practice of transformational change*

International in scope, interdisciplinary in coverage and linking practice with scholarship, this third edition of a classic in organization development stands out as one of a kind. These experienced authors show us how OD is applicable to any organization anywhere in the world. Thanks to them, OD is alive and well.
W Warner Burke PhD, Professor of Psychology and Education, Teachers College, Columbia University

Clear and compelling, my favourite OD playbook is even better than before – no one can make OD theory and practice so profound yet so accessible. The field based on this foundation will surely change the world, and practitioners everywhere are lucky to have this rich resource, full of gifts, as a guide.
Glenda Eoyang, Executive Director, Human Systems Dynamics Institute

A pleasure to read, the third edition of this renowned and respected landmark text by two gifted giants in the field offers a bright and meaningful roadmap to effectiveness.

Clear, accurate, contemporary and updated with the latest advances, the book impeccably distils the tried and tested essential wisdom of seventy-five years of Organization Development in its purest form. A breath of fresh air, full of actionable advice for the practitioner, a rigorous and definitive reference guide for the researcher and the academic and a delight for the curious mind, this book should be mandatory reading for anyone who cares deeply about the success of their people and their organization.

Pietro Catania MBA MSM, Founder, Alef Consulting and Ayros publishing house, Milan

I feel so excited to read this third edition of Mee-Yan Cheung-Judge and Linda Holbeche's book for OD and HR practitioners. It offers even more detailed guidance and examples of the OD cycle of work and has new added content relating to organization health, culture change, and use of self. As an OD practitioner in China, I can't wait to introduce it to our OD communities.

Maria Wang, Founder and CEO, Innovative OD Center, Shanghai

The previous editions have been significant in upping the capability of the Singapore Government's OD community. This edition, with all its additions, will continue to be a must-read reference for us in the government sector – as well as for leaders and practitioners from other sectors. Its practical brilliance is backed by research that is both evidence-based and relevant to current organization challenges. Beyond the treasure trove of updated and practical content, each chapter encapsulates the lived experiences and cumulative wisdom of two legends of our time.

Clarence Chia, Institute Director, Institute of Leadership and Organisation Development, Singapore Civil Service College, Singapore Government

This could be the best text for OD's future: First it brings OD and HR together, which is seriously needed in this era of complex change. Second, it emphasizes the importance of developing both effectiveness and health in organizations, which was part of how the founders of the field created it. Third, the intervention discussion in Chapter 5 is so clear, grounded and practical and is the best version of this concept. Fourth, it brings comparisons into focus from traditional OD to the less linear and less 'planned' complex, rapid change world. It is also well-researched and loaded with practice implications for the OD and HR fields.

David W Jamieson PhD, Editor-in-chief, *Organization Development Review*

This is my only go-to book to guide me through all phases of large complex change programmes. It is as valuable as it wise and immediately applicable to real work. I have seen first-hand the tangible benefits of applying what is in this book.

Laurence Fitt, Vice President, GSK

As the unprecedented situations of recent years become the new normal, practitioners in the transformation business are looking for vital tools to help them with the task. With its coherent approach towards OD, this book will be an ideal aid. It will inspire students and practitioners who want to become transformative leaders. Its caring and supportive messages will help them and their clients navigate through the many challenges they may encounter as they bring about change. As a Vice President of IODA (International Organisation Development Association) and the OD Association in Japan, I know this book will inspire in our members and other readers a real love for OD and the courage to make the journey of change itself.

Ken Nishikawa, Konan University Center for Education in General Studies

Organization development is needed now more than ever, and professionals in the HR function need to understand how OD works. In this practitioner-friendly book, Mee-Yan Cheung-Judge and Linda Holbeche make the most of their broad experience to build out the necessary competencies and promote sustainable organization change.

Chris Worley, Research Professor of Management, Pepperdine Graziadio Business School

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Organization Development

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THIRD EDITION

Mee-Yan Cheung-Judge
Linda Holbeche

KoganPage

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Introduction

In the decade since we began writing the first edition of this book back in 2010, and even since the second edition in 2015, the environment in which organizations function has changed beyond belief – not least because of the COVID-19 pandemic. Much has also changed in organizations – in the ways they are organized, operate and relate to clients/customers and their own staff. Against a backdrop of vast uncertainty, short-term solutions continue to surface as organizations struggle to cope. Many leaders have realized that the current way of running organizations carries with it all sorts of vulnerabilities, and find the future daunting. There is growing recognition that organizations must become agile and resilient to thrive in this context. Those who are in HR and OD roles find themselves continuing to search (or scramble) for different ways to support their organization and its leaders to navigate complexity and chaos – keeping fingers crossed that they will come through on the other side with new insights and doing things in new ways.

We recognize this sort of scenario and the challenges that organizations, OD and HR practitioners face, so we have added three new chapters – on what is organization health, how to build up the impact of OD in organizations and how to build a culture conducive to innovation. We have heard that people found the previous editions of the book helpful so we have retained and updated material where space has permitted.

The third edition has retained its practical orientation to continue to be useful to a wide range of people – from those at the entry level to those who are experienced, from novices who want to learn the trade to those experienced practitioners who would like to have a book that will facilitate their reflection and review of their practice. We know from readers' feedback from the first two editions that very experienced practitioners found affirmation and revitalization of their passion from the book. Some of the chapters in this third edition can also be useful for those eager *leaders* who are interested in better handling change as well as eager to learn the craft of building sustainable organization health.

We know from some readers' comments about the first edition that it felt like reading two different books, which is no surprise to us, as we did not aim to do an integrated book; we wanted instead to produce complementary insights. As two very different, committed individuals in both background and practice we chose to come

together because of our great shared passion to support both HR and OD practition-
ers to be better at building effective and healthy organizations.

So what is different about this edition compared to the last? This edition has
several new chapters.

In **Part One, the OD section** (Chapters 1–13) Mee-Yan has added two new chap-
ters – one on organization health and one on how to build up the impact of OD in
organizations. The 11 chapters from the second edition by Mee-Yan have been
updated and revised, adding more theories to different sections. Chapters 10 and 11
have undergone quite substantial changes with focused discussion on use of self in
Chapter 11, and OD competence in Chapter 10.

Mee-Yan has removed the postscript from her section; instead she has integrated
thoughts about practitioners needing to be future-wise into the last chapter on how
to increase the value of OD functions.

So in terms of structure, **Part One** is organized into five sections. **Section 1: OD
history and theory overview,** has two chapters – the history and the theory overview.
Section 2: OD cycle of work has four chapters covering the four key phases of the
OD cycle – entry and contracting, diagnosis, intervention and evaluation (in Chapter
6, the evaluation chapter, there is a new end-of-chapter 'Quick reference for evalua-
tion' that readers will find useful as a practical summary of what they need to know).
Section 3: OD and change has three chapters covering the balance of the two change
approaches, the back- and front-room change matters, and can behavioural change
be made easy? At the end of Chapter 8, a section on change implementation capa-
bilities has been added to cover the downstream process of change. **Section 4: The
Organization Development practitioner** has two chapters – the Organization
Development practitioner, and power and politics in Organization Development.
The final section – **Section 5: Additional thoughts** – has two new chapters, the first
on what is an organization and what is organization health, and the final chapter is
on how to build up our presence and expand our space and impact on organization
life. Chapter 12 is Mee-Yan's determined effort to see whether we can have a loose
normative framework to guide OD work. In terms of what we are aiming to achieve
through change, what type of healthy organization do we want to help to develop?
Chapter 13 comes from Mee-Yan's desire to see OD as a profession in its own right,
continue to thrive and become an indispensable function for all organizations. So,
instead of asking 'what is the future of OD?' this chapter encourages practitioners to
own the fact that the future of OD is in the hands of the OD community, and it is
our job to make the future a permanent reality.

In Part Two, the HR section, Linda has added another chapter and revised and
updated the chapters from the previous edition with the changing context in mind.
These include some fundamental shifts in the nature of work, working practice and
the workforce in the light of technological advances and the global pandemic crisis.
In Chapter 14, HR in relation to OD, Linda proposes that HR adopting an OD

frame, and HR and OD specialists working together can help achieve their joint aim of organizational effectiveness.

The chapters that follow address different ways in which HR can help build a nimble, resilient and change-able organization. A new chapter on innovation and learning reflects the urgent necessity to build organizational and individual capability, not only as a source of competitive advantage but also as a means of creating a fair deal for workers by upskilling them to face the challenges of the 21st-century job market. In similar vein, employee engagement should be a reflection of a high-quality employee experience. A chapter suggests practical ways in which HR can support line managers and individuals to create the context where more people are likely to be engaged and enjoy well-being. The final chapters – on building effective leadership, including shared leadership, and looking ahead at how HR can build healthy, agile and resilient organizations that can thrive in volatile contexts – include various suggestions about how HR can add profound and enduring value to organizations moving forward.

So the running order of Part Two is now:

HR in relation to OD

Organization Design

Transformation and culture change

Building organizational agility and resilience

A culture conducive to innovation and learning

Building the context for employee engagement

Developing effective leadership

Postscript – towards a better tomorrow

Arguably events of recent years make a skilled OD/HR contribution more valuable than ever. We hope you will find the book helpful as you deal with demands for ongoing transformation or look to carry out high-impact interventions in complex change situations, or to build the capacity to continually change and adapt throughout the organization.

We recognize that none of this is easy but we believe that the possibilities may be greater than the challenges. We wish you well on your journey!

Quality & Equality has made over 40 videos on various matters in OD. Many of them will complement the content of this book. Feel free to watch the mini-series by visiting the Q&E YouTube Channel or by finding the videos on the Q&E website (https://www.quality-equality.com/).

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PART ONE

A practitioner's guide for Organization Development

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Section 1

OD history and theory overview

- Chapter 1: What is OD? Its brief history
- Chapter 2: A theory overview

This section gives an overview of the history and development of Organization Development (OD) and the theoretical base of our practice. The field of OD is often not well understood nor is there a consensus on its origin. The field grew out of the **values** of the early founders, their 'sense-making' effort to understand human behaviour in the aftermath of the Second World War, and the research findings of applied behavioural science. As with other academic fields, OD's development was not a linear process or systematically planned by those early significant players. There was an emergence of different thinkers from various US academic institutions; based on their values, their academic training, their desire to make an impact in the context of their environment, they headed down a particular path – trying to find out how organizations work and how that impacts on individuals within the organization, and the dynamic interplay between individuals, groups, between groups and within the whole system. Then both by chance and intent, these diverse groups of academics and practitioners began to converge through conferences and network events to exchange their findings. The result was an emergence of a significant field of knowledge, and OD was born. This field of knowledge has the characteristics of a movement started by diverse groups of individuals and institutions taking their different parts to build a body of knowledge to form the common basis of the field, which eventually become 'theory in action' within a very clear value framework.

While the diverse paths lead to a continuous debate about the boundaries of the field, there is clarity about certain key characteristics of the field: a dual concern to use processes derived from applied behavioural science to help an organization to be highly effective in what it sets out to do (optimal performance), while ensuring the health of the organization continues to improve; that the design of these processes is

based on principles of OD from research data, the theoretical orientation that shapes the conceptual and practice framework of the field and its strong value base; and the importance of the 'use of self' for all practitioners. The field is practised within 'a living system' (organizations are made up of human beings), therefore understanding ourselves as a living system and the various dimensions of being human – psychological, social, emotional, personality preference, life history and relationship orientation, etc – is a prerequisite for being an effective intervener in any social system. These characteristics also point to the trademarks of being an OD practitioner (ODP). See Chapter 10 on OD practitioners (ODPs).

Chapter 2 focuses on the core theories that shape the field and practices. Theory, as expressed by the sentiment of Kurt Lewin, is a practical matter, as 'there is nothing as practical as a theory' – theories shape practice and practice builds theory. Given there are around 100 theories that shape ODPs' practices, it was a risk to focus on eight key ones only. However, they are the foundational ones – demanding the practitioners to shift their paradigm in the way they work. How big that shift is will depend on what dominant approaches the practitioners have been anchoring their work in. Finally, a particular strand of behavioural economic studies that shaped the way in which ODPs approach behaviour change will be covered not in this section but in Chapter 9.

These two chapters are foundational in building our understanding of the field of OD. Pay attention to how such key theories may shape our intervention practice.

01

What is OD? Its brief history

Organization Development (OD) is not a well-understood field. Often questions like: 'What is it?' will pop up among clients. Even many of the OD practitioners feel that while they know intuitively what the field is about, it is hard to articulate what OD is. Through time, a mystique has built up around the term; even the debate among the veterans in the field has filled the pages in OD publications. I believe it is time to seek clarity about what OD is, as without clarity it is hard to accumulate knowledge, conduct research, facilitate debates and work towards building a vibrant future for the field.

In this chapter, I would like to give an overview of the following areas:

1 the goals, characteristics, and definition of OD;
2 a brief history of OD;
3 critical founders who shaped the OD field;
4 how the field got its name;
5 values that have informed OD practice;
6 the role of the OD practitioner.

By covering these areas, I hope to help you, the reader, to be more confident in articulating clearly to your clients what the field of OD is, what OD intends to bring to the workplace, and how its core characteristics make it an indispensable field of knowledge to those who want to see organizations run effectively and humanely, especially during times of turbulent changes.

The goals, characteristics and definition of Organization Development

Edgar Schein (1965) declared that all organizations, regardless of size and type, face two types of problems:

- continuous external adaptation to a rapidly changing environment;
- corresponding internal integration that will support the success of the external adaptation.

Schein calls the organization's ability to cope with changes and adapt effectively the 'adaptive coping cycle', which is a sign of organization effectiveness. These two dimensions help to lock the relationship between OD practitioners and strategists. While the strategists support the senior leaders to determine how the organization should adapt externally in order to remain viable, OD practitioners support senior leaders to ensure there is a corresponding internal development to support the delivery of those identified external ambitions. As twins to the strategists, OD practitioners are there to help the organization to prepare itself internally to deliver the challenging external ambitions.

The following definitions reveal the heart of the practice of OD, which is to improve the functioning of individuals, teams and the total organization:

- OD is a systematic process for applying behavioural science principles and practices in organizations to increase individual and organization effectiveness (French and Bell, 1999).

- OD (and its associated technology) is a process directed at organization improvement (Margulies, 1978).

- OD is all the planned interventions to increase organization effectiveness and health (Beckhard, 1969).

- OD is about building and maintaining the health of the organization as a total system (Schein, 1988a,b).

- Organization revitalization is achieved through synthesizing individual, group and organizational goals so as to provide effective service to the client and community while furthering quality of product and work life (Lippitt and Lippitt, 1975).

- The goal of OD is to enhance organizational effectiveness by attending to both human and organizational needs (Rainey, Tolbert and Hanafin, 2006).

- OD is an organizational process for understanding and improving any and all substantive processes an organization may develop for performing any tasks and pursuing any objectives (Vaill, 1989).

If ODPs are to take these aims seriously, then their commitment will be not just to improve a situation but to ensure the improvement is sustainable – ie to make change synonymous with development. Any process designed by OD practitioners needs to have the added component of equipping the organization members to learn how to sustain that development without continuous external help. It is this point that demarcates the field from other consultancy approaches.

This second prong of the goal of OD was also confirmed by the following two definitions:

- OD is all the activities engaged in by managers, employees and helpers that are directed towards building and maintaining the health of the organization as a total system (Schein, 1988a,b).

- OD is a long-range effort to improve an organization's problem solving and renewal processes... with the assistance of a change agent, or catalyst, and the use of the theory and technology of applied behavioural science, including action research (French and Bell, 1999).

Based on the above definitions, the characteristics of OD and OD practitioners can be summarized as:

- We are 'process' experts to improve any substantive organization processes (eg planning, group meetings and relationships, leaders and staff relationship, effective communication, etc).
- We focus on the 'total system' perspective even if we are asked to look at a specific organization issue.
- We aim to improve an organization's problem solving and renewal processes.
- The primary practitioners of OD are the organization's leaders/managers (as they are the custodians of organization health) and not HR/OD professionals.
- OD practitioners are 'helpers and catalysts' to the leaders of the organization who are the primary practitioners of OD.
- We use the technology of applied behavioural science to support the organization towards healthy development.
- We are theory based, process focused, value driven.

Taking these definitions, I have constructed two grids for easy reference. Figure 1.1 defines Organization Development, while Figure 1.2 summarizes the core characteristics of the field.

FIGURE 1.1 What is Organization Development?

What	OD is a field of applied behavioural science expanding our understanding of human and group behaviour. Such knowledge also guides and steers our work in developing organizational effectiveness by improving performance as well as internal health, especially during a time of change
How	Using group and human dynamic processes from applied behavioural science research, theories and methods to facilitate self-organizing movement of groups and organizations
Outcome	Dual goals: to improve the organization effectiveness (performance) that benefits the constituents of the organization, while maintaining the health of the organization to support the people that work within the system in a sustainable way
Values	Respect for human differences, commitment to all forms of social justice and equity. Belief in lifelong learning – emphasis on 'self-renewal' ability of the individual and organization

FIGURE 1.2 Characteristics of Organization Development

Source of knowledge	Applied behavioural science disciplines such as sociology, psychology, social psychology, clinical psychology, anthropology, management studies, occupational psychology, organization behaviour, behavioural economics, etc
Goal	Dual goals of improving organization effectiveness (performance) and improving internal health of the system
Focus	Total system (alignment and interface between parts)
Emphasize more	Design and use processes (any group processes, social processes, etc) vs expert content knowledge to support client
Role	Third-party role – to help, to support the system to do their own work
Orientation	Design and execute planned intervention as well as working with emergence; intervention starts from the moment client and ourselves make contact; data collection becomes intervention, interaction leads to reflection, reflection to data, data to action, action back to reflection, action cycle (action research)
Target	Human system within social system
Application	Apply theory in action, using experience to form working theories, and using theories to inform methodologies, using outcomes analysis to circle back to improve theory in action
Values	Shamelessly humanistic – affirm respect for all, fight continuously for social equality and equity, and pursue lifelong learning

A brief history of OD

In the 1950s in the United States, a number of social psychology departments and business schools found that what traditional industrial psychology had to offer was not adequate in helping them to understand the complexity of how organizations worked. Insights into individual psychology also did not provide sufficient insight or understanding for those who sought to fix both industrial and production issues faced by organizations. This gap was made more apparent when these academics were approached by industrial leaders who wanted to understand better how their organizations worked and what they, as leaders, could do more to improve the func-tioning/performance of those organizations. These initial consultancies led to an expansion of the practice knowledge of how groups and organizations work, and established the important dual emphasis of OD – linking theory and practice to support the development of an organization. It set the field up to be a 'practice' field. Many of these academics became the founders of OD – it is their seminal work and their practice experience that gave shape to what the field is about.

Those early days of OD were also characterized by parallel developments in both significant social movements and by individuals whose work played a pivotal role in

building the field (Gallos, 2006). Critical movements that shaped the development of OD were:

- **The critical work of the National Training Laboratory (NTL) on group dynamics and leadership:** NTL was founded in the United States in 1947 to advance the field of applied behavioural science and to develop change agents for effective leadership of organizations. NTL is credited with conceiving the idea of experiential learning and for 70 years it has served as an incubator for many OD theories.

- **The birth of the T group and other forms of laboratory education:** Pioneered in the United States by Lewin and his graduate students and in the UK by the Tavistock Institute, a T group is a small, unstructured group laboratory training in which participants learn from their own actions and the group's evolving dynamics. The lab experience aims to give individuals clear insight into how human dynamics evolved and how groups can play a critical role in one's personal development and increase of self-awareness. The early adoption of T groups by corporations led to the systematic training and development of leaders as a critical intervention to build effective work conditions. Carl Rogers labelled the T group the most significant social invention of the century (1968).

- **The larger human relations movement in the 1950s:** This gave force to support the parallel growth of social and developmental psychology. Themes promoted by the movement included: self-expression, individual agency, the release of human potential, the inherent need for human growth and so on. These themes made an impact on the thirst for understanding the role of work and the world of work in individual development, which many early founders picked up and studied.

- **The socio-technical system (STS) thinking from the British Tavistock Institute:** The work done by Trist in 1947 in a British coal mine at Haighmoor and subsequently reinforced by Bamford and Rice asserted that an organization is simultaneously a social and a technical system. When intervention combines important social factors (group relationships) with technological changes, increased productivity and reduction in damage and costs will be the result. The research into STS showed that effectiveness, efficiency and morale are enhanced if we use STS intervention. The reverse is also true – that if organizations only deal with the technical system during change without paying attention to the human social system, the change will not be sustainable (Rice, 1958; Trist, 1960; Trist and Bamforth, 1951).

- **The development of survey research methods:** Likert and Mann pioneered the first survey feedback with the Detroit Edison Company, using survey results for improvement. The method involves two steps. The first is to collect the data by questionnaire to determine an employee's perceptions of a variety of factors, mostly focusing on the management of the organization. The second step is to do what Mann called the 'interlocking chain of conferences' to feed back the data to leaders and managers in order to create organization improvement strategies. This survey method helps organization leaders to understand the impact of particular actions on different people within the organization, and therefore on

the performance of the organization. Likert and Mann believed that if leaders pay attention to those causal effects from the survey, they will have data to guide them how to 'improve' those organization conditions. The work of these two men created a clear platform for many of the academics to articulate and practise a new way of working across the social system; individual, group, inter-group, division and total organization (Mann, 1957; Likert, 1961,1967).

Critical founders who shaped the OD field

While the social movements provided an important backdrop for the emergence of the field, there were also a great number of individuals who played a significant role in building up the knowledge base through both their academic work and their consultancy work. It is impossible to name everyone, but the following people and their graduate students have played a critical role in shaping and pioneering the field of OD:

- **Kurt Lewin (critical founder of OD):** Lewin gave the field some of its most essential theoretical roots – action research theory, group theories and change theories. Schein commented that there is little question that Lewin is the intellectual father of contemporary theories of applied behavioural science, action research and planned change. He was the first to write about group dynamics and the importance of the group in shaping the behaviour of its members. Also, his commitment to extending democratic values in society through his work created a most pervasive impact on Organization Development.

- **Ron Lippitt:** Lippitt was on Lewin's original staff at the Research Center for Group Dynamics at MIT and was also a member of the first T group trainers in 1946. In 1947, he was one of the founders of the National Training Laboratory in Group Development, which started holding a three-week session in Bethel, Maine. The summer event evolved into the birth of the NTL Institute for Applied Behavioural Science. Together with Lee Bradford, he invented flip chart paper in 1946 as a convenient way to record, retrieve and display data in OD activities and in training.

- **Edgar Schein:** Schein, a professor at the MIT Sloan School of Management, made a notable mark on the field in many areas including career development, group process consultation and organizational culture. His career anchoring concepts and tools are forerunners in helping organizations to think of combining unconditional motivation and an organizational way of managing staff career structure. He is generally credited with inventing the term 'corporate culture'. Schein showed us that process consultation is an essential philosophy underlying OD, not just a tool.

- **Douglas McGregor:** McGregor is mostly known for his classic work, *The Human Side of Enterprise*, which has had a great impact on managers since its publication in 1960. He was one of the first professor-consultants and one of the first behavioural scientists working with corporations to help implement the application of T group skills in complex organizations.

- **Rensis Likert:** Likert showed the importance of holding up a mirror for the organization to reflect how its members think about themselves and how to strengthen their relationships. His early work on this gave rise to the use of organization surveys. Later on, his research provided overwhelming data on the superiority of a democratic leadership style in which the leader is group oriented, goal oriented and shares decision making with the work group. This leadership style was contrasted with an authoritarian, one-on-one leadership style (1961, 1967).

- **Bob Tannenbaum:** Tannenbaum received his PhD in Industrial Relations from the School of Business at the University of Chicago. He is known for being the first researcher to conduct the earliest 'team-building' activities in 1952–53 at the US Naval Ordnance Test Station at China Lake, California. Subsequently, he published many articles on such team-building work. He and Art Shedline started the first non-degree training programme on OD at UCLA.

- **Chris Argyris:** Argyris was one of the first (following Bob Tannenbaum) to conduct team-building sessions in 1957. He has made extensive contributions to theory and research on laboratory training, OD and organizational learning. One of his several books on OD, *Intervention Theory and Method* (1970), is a classic in the field. He asserted that it is important to gather valid information and give clients choice to secure commitment (1957).

- **Richard Beckhard:** Beckhard was a major figure in the emergence and extension of the field of OD. He started from a career in the theatre. He was interested in improving the effectiveness of communications in large meetings, and his first major job after his career change was to stage the 1950 White House Conference on Children and Youth, which involved 6,000 people. He started to pay attention to how to stage a large convention and enable participative discussion. He developed one of the first major non-degree training programmes in OD – the NTL's Programme for Specialists in Organizational Training and Development (PSOTD).

- **Herbert Shepard:** Shepard completed his doctorate at MIT and then went to join the employee relations department of Esso Standard Oil as a research associate. He was to have a major impact on the emergence of OD through his extensive practice in the corporate world as well as his involvement with the NTL work. In 1960, he founded the first doctoral programme devoted to training OD specialists at the Case Institute of Technology. His continuous experiments in OD at major

Esso refineries resulted in significant learning for ODPs; two particular lessons that emerged from his work are: a) the requirement for top management's active involvement in the leadership of the programme; and b) the importance of the need for on-the-job application.

- **Robert Blake:** During the Second World War, Blake served in the Psychological Research Unit of the Army Air Force and concluded that looking at the system rather than the individuals within the system on an isolated individual basis is a much more robust approach in identifying how best to help. Later, he spent 16 months in Tavistock and was deeply influenced by family group therapy. Upon returning to the United States, he took up an appointment at Harvard but joined the NTL programmes at Bethel to staff T groups for six years and was significant in shaping the changes in T groups.

As I have said, this is not an exhaustive list, but the work and publications of this group of early founders helped to form the core aspect of OD work.

How the field got its name

It is not entirely clear who coined the term Organization Development. What was known is that there were two early pieces of intervention work that gave rise to the name of OD (Beckhard, 1969).

In 1959, Doug McGregor and Richard Beckhard were implementing a company-wide culture change effort in General Mills at Dewey Balch, a project called 'Bottom-Up Management'. When Doug McGregor wanted to write up this work, he knew that if he called the paper 'bottom-up management' it would not receive proper academic recognition. Further, they did not want to call it management development because the effort spanned the whole organization. So they thought a more appropriate label would be 'Organization Development', which means a system-wide change effort.

In the same year, Herbert Shepard and Robert Blake were working at the Esso Refinery at Bayway, New Jersey in a culture change programme. They developed for this project an educational programme called the 'Managerial Grid' that was attended by hundreds of Esso managers and supervisors. They decided to call their effort 'Organization Development' because the focus was on a total system of culture change with the aim of developing the health of the organization.

It is not accidental that these two major interventions used the name 'Organization Development' because both programmes shared the following common features, which have remained as core characteristics of the field:

- system-wide;
- planned change efforts;

- focused on the total system and not just one aspect of it;
- targeted at the social/human side of the enterprise;
- aimed at improving organization effectiveness.

These are five core characteristics of the field of OD as we discussed earlier. Finally, there are four other catalytic developments that helped to formalize the birth of OD.

The birth of NTL (National Training Laboratory)

After the sudden death of Kurt Lewin in February 1947, Benne, Bradford and Lippitt held a three-week session during the summer of that year at the Gould Academy in Bethel, Maine. The work of that summer evolved into the birth of the National Training Laboratory, later called the NTL Institute for Applied Behavioural Science. Out of the Bethel experience, NTL grew a significant number of laboratory training centres. Almost every founder of NTL has been involved with staffing in the Bethel laboratory. In Ed Schein's words, anyone who has attended as well as staffed a T group is bound by their experience and has become part of a community of practitioners.

The birth of the OD network

As those early founders who had succeeded in helping the industrialists wrote about their work, other people became both energized and enthusiastic about the learning and possibilities involved in changing an organization. They began to flock to the field. In 1964, a small group of practitioners began to meet regularly to exchange ideas, experiences and learning; most of these practitioners became NTL alumni or staff. Once they had formed the network, other colleagues also asked to attend. Warner Burke, who was the head of the NTL OD staff, became the first executive director of the new organization sponsored by NTL and called the 'Organization Development Network'. Today the OD Network has extended from the US to Europe, and to Asia, with mini branches in the rest of the world.

OD publications

Since the 1950s, there has been a proliferation of OD publications, but as we look back, there are four significant publications that began to formally document the field's knowledge:

1 The OD series first published by Addison-Wesley in six slim paperbacks, conceived by Warren Bennis, Edgar Schein and Richard Beckhard in 1967. They are still the classics of the field.

2   *OD Practitioner*, now called *OD Review,* the first journal in which practitioners shared their practice knowledge as well as exploring new theoretical developments, which was launched in 1968.

3   The first OD textbook, *Organization Development: Behavioural science interventions for organization improvement*, written by French and Bell in 1978.

4   This was followed by a second classical textbook by Warner Burke in 1982.

There have been many significant works published in the field of OD in the subsequent decades, including *Productive Workplaces* (1987) by Weisbord, and the first edition of *Practicing Organization Development* by Rothwell, Sullivan and McLean (1995), now in its fourth edition, covering many key OD contributors.

These publications helped to set the field in the academic context as they gave voice to what the field was all about. They also highlighted what subscribers in the field were doing in practice. The Addison-Wesley OD series was more academic than the *OD Practitioner journal*, which focused more on practice. French and Bell's textbook made teaching of the field to undergraduates possible.

Consultancy work and educational programmes

The greatest impact on the evolution of OD as a field was the consultancy work undertaken by the early founders. While research was always important to advance the field, the actual experience of those who were working on the ground with real organizations offered rich data to refine OD practices. It is the lessons that emerged from these early consultancy experiences that helped to build up the knowledge base of the field, eg how to deliver and work with change. For example, Shepard working in Esso, McGregor working in Union Carbide, Tannenbaum working in the US Naval Ordnance Test Station at China Lake, and Chris Argyris working with IBM and Exxon with the CEO and the top executive.

The growing demand for OD practitioners gave birth to a number of non-degree as well as academic programmes. Tannenbaum, along with Art Shedlin, led one of the first non-degree training programmes in OD – the Learning Community in Organizational Development at UCLA. There were various group development programmes, eg the NTL in Group Development, a three-week programme organized by Benne, Bradford and Lippitt. When those who subscribed to the field finally got formal and academic accreditation of their training (both in knowledge and in practice competences) the standard of practice of OD practitioners began to take off. At the height of the development of educational programmes for OD, the US alone had over 30 PhD and other certificated programmes.

Values that have informed OD practice

So far the areas that have made OD as a field distinct have been mentioned briefly, but none are more significant than: a) the values that informed our work; and b) the unique role of OD practitioners.

During the 1940s and 1950s, there were a number of strong movements sweeping through the world: the human relations movement, human potential movement, equality and diversity movement, social participation (client rights, citizen rights) movement, etc played a key role in shaping the field. These movements were started and supported by those who had an overwhelming commitment to a number of value strands that the field of OD subscribed to. For example: to create conditions that would honour the inherent need for human growth in the workplace; to build a workplace that would release human potential and enable individuals to have equal rights to develop their own sense of agency and to promote self-expression; and to pursue racial equality, and other forms of equity and justice matters. This, through time, became heavily embraced by the OD founders as their practice widened. Such core values have been upheld as core OD values:

- democracy and participation;
- openness to lifelong learning and experimentation;
- equity and fairness – the worth of every individual;
- valid information and informed choice;
- enduring respect for the human side of enterprise;
- all human beings have the right to attain their potential.

For those early founders, these values were 'practice values', as they help to shape the sort of intervention they will need to create in order to facilitate optimal organization performance. They believed that these values, when operating effectively, would engage people collaboratively to address a wide range of organization issues, as well as help organizations to search for lasting solutions to incredible challenges in the changing world. It is these values that help to give the practitioners their rudder and bearing.

So the question is, if one does not subscribe to these values, can one still call oneself an OD practitioner? This is a pertinent question as many of the OD values are often not congruent with the focus of today's organizations' values. At one level the answer is a tentative yes, but the potency of the practitioner as an instrument will be severely compromised, as the person who is using the methods without the personal embodiment of these values will eventually feel hollow. Particularly when clients themselves are doubtful about the viability of the proposed methodology, without the subscription of the values behind the design, the practitioners will not be able to help the client system to navigate through doubts into results. The challenge

for OD practitioners, therefore, is how to adapt their approaches in a changing work context without compromising their core values.

This leads to the distinction between value and ethics. Values are the roots of the beliefs that matter to us and the field's practitioners, while ethics are the guidelines that should govern how we practise our craft (Tschudy, 2006).

Right now, other than the early work done by Gellermann *et al* (1990) on ethical guidelines in the field, OD as a profession does not have a published, collectively owned set of ethical guidelines. However, practitioners within the OD community are impressively united by a number of guidelines that are evident in their practice, so it is quite safe to deduce that many of the ethical guidelines that are held by practitioners have been translated into their practice.

The following ethical guidelines were pulled together as a summary of OD ethics. In OD practice, we believe that:

- Collaborative relations between clients and consultants are crucial – from jointly deciding the consultant brief and outcomes to deciding how to collect valid data, how to jointly analyse the data and how to choose the best route of intervention, what to evaluate at the end, etc.
- ODPs are the helpers, not the gurus and experts to direct the change work. Those who direct the change work are the leaders and managers of the organization.
- Consultants' key job in any consulting relationship is to honour and dedicate time and effort to build high-quality, authentic and trusting relations with clients in order to build the platform to help.
- It is the ODP's job to focus their effort in supporting and educating clients to learn how to carry out sustainable change work so that the clients will *not* have unnecessary dependence on them in securing successful implementation of any future change programme.
- While ODPs can advise on content, their primary role is to pay attention to the processes that are needed to get the clients to find out how collectively they can get to their desired destination.
- While ODPs' consultancy may focus on individual 'parts' of the system, their primary approach is always a total system one.
- ODPs hold tight to their belief in lifelong learning – hence the practitioner's need to do their own work while delivering work within the client system is a default stance.
- ODPs know how to exit from a job when it is done; and they know how to build up the clients' internal capability from the moment they start their contract with them, so that the change effort can be sustained internally by the client system.
- ODPs will bring other resources in when the skills/knowledge the system needs cannot be met by them.

- ODPs believe in straight, authentic and open communication so that in that process, they role-model and pass on such behaviour to the client.
- ODPs believe that the commercial gain will always take a back seat from their desire to add real value to the client.
- ODPs believe in *pro bono* work for others in need locally or internationally.

The ethical guidelines that govern ODPs' practice are strongly contained within the core OD values that form the heart of the field. It is the application of these values that make the practice of OD so distinctive.

The role of the OD practitioner

The above ethical guidelines mark the practice protocol of OD practitioners. This can be summed up by what Marshak described as the 'third-party' change agent role, which is very different from those expert-led consultants. Marshak (2006: 15) described the third-party change agent role:

> When working with an organization to help bring about a desired change, the OD practitioner is not the person in charge. Instead the OD practitioner is a third-party change agent aiding the person(s) in charge as well as the system itself to bring about the desired change.

As third-party agents, ODPs believe that the systems they are invited into are actually capable of sorting out their own problems as well as choosing their own path forward. Because internal wisdom exists in all parts of the organization, the ODP's job is not so much doing the leading but doing the facilitating – designing the right types of processes to help surface such wisdom. This practice is more about moving away from the guru-expert style of consultancy to a collaborative helper style. In practice, this means not entering into any phases in the OD cycle without consulting the clients first. It also means paying attention to the client's own perspective, and most of all not recommending a direction that the practitioner wants the client to adopt without working with the client to help them discern which is the right outcome for them – hence the approach is always a joint partnership with the client's stakeholder constellations.

If ODPs truly believe that, in spite of the political complexity, the client system can and should be helped to be fully involved in its own work, in that way ODPs will show they have truly understood the gist of what OD practice is all about. When they accept this third-party agency role, they naturally move towards a partnership and collaborative stance – supporting the system to find out what they want, what approach they should take to get there, and what types of internal resources they can deploy to get them there. This is what Marshak calls the 'client's self-directed change effort' (2006: 17).

This approach does not mean that ODPs don't have any content expertise. It simply means whatever the ODPs have – the deep knowledge of how organizations and how human dynamics work – they deploy to educate, guide, support, develop and facilitate the client to do their own work. It also does not mean that on occasion, due to the client system capacity and capability issues, they are unwilling to be a bit more directive. Furthermore, it doesn't mean that when clients have blind spots and dysfunctional politics they won't confront them and direct them. But ODPs' commitment overall is not to impose their view on the client but to set up the platform for the client to do their own work. Most of the time, the primary intervention for the third-party agent is to 'suggest and facilitate participative processes for diagnostic data gathering, informed decision making, and building client-system commitment for change' (Marshak, 2006: 18).

While these words seem sensible, many in the trade know how hard it is to translate them into practice. Often it is our innate need for power, control, approval and esteem, together with the external expectations where clients want us to be an expert that will easily cause us to slide into the expert and directive mode of working. This is why the concept of 'self as an instrument' is so critical to the development journey of OD practitioners.

Self as the most critical instrument in the helping relationship

Finally, one of the unique trademarks of OD is the concept of 'self as instrument'. In his 1981 article in *OD Practitioner*, Beckhard said that in order to work in this type of 'helping profession', ODPs will need to pay a lot more attention to themselves as well as take a lot more obligation to do their own work without counting on others (mainly the client) to meet their own needs. He said, 'If I work out my needs on my clients, I would have rendered them very vulnerable'. He admonished ODPs to increase their ability to help others by learning more about how to:

- increase their tolerance of ambiguity and individual differences;
- examine their control needs and control roles;
- lower their needs for external approval and feedback;
- become able to work on a higher sense of fun and human need.

The simple truth is if ODPs undertake their own deeper inner work in order to increase their ability to support the human systems that they seek to help, they then can and will earn the right to help.

This deep level of self-awareness will help you to embrace the fact that you 'yourselves' are the ultimate instrument in any consulting situation. This trademark practice cannot be found among strategic planners or other technical consultancy experts, except in OD. Other approaches have other contributions to make, but you

also need to be proud that you are fundamentally operating in a different sphere of work. This concept of use of self will be fully discussed in Chapter 10.

Summary

There has been ongoing debate in the United States on whether or not OD is: dead, viable, new or old. Such debate can be seen as US practitioners' struggles to reaffirm the importance of the field through its 'midlife crisis'. While such debate has its merit, I think the more appropriate questions for the OD community to revisit are:

- What is the field's identity and boundary: what should the community hold on to and what needs to be let go as the field continues to develop?

- What are the core characteristics that define the field, set its boundaries, and are still relevant? And should some be preserved or discarded through time and evolution of practice?

- What set of values will continue to be our practice anchor? What will strengthen our application of behavioural science knowledge to our process work that will help to deliver the OD magic?

- What type of relationship do ODPs need to foster with the client so that it will role-model the collaborative stance the client needs to have within its own system?

- What is uniquely OD that will contribute to the maintenance of civil society, democracy, equity and diversity, honouring human value?

In this chapter, I have reviewed the brief history of OD, how the field got its name, what OD is, and its goals, characteristics and definition. I have also covered the two unique pillars of OD – its value and the role of OD practitioners – and by doing that I hope to help practitioner colleagues to take pride in what this field sets out to do.

As the world of work becomes more turbulent, OD practitioners are encouraged to take on board the confidence of what the field has contributed to the world of work. As Schein stated succinctly (2006a: xviii):

> one must recognize how many elements of OD have evolved into organizational routines that are nowadays taken for granted: better communications, team building, management of inter-group competitions and change management, to name just a few.

So as the field moves forward, all practitioners are continuously challenged to adjust and adapt their practice in helping organizations to function effectively without sacrificing their core values and idealism. Indeed, throughout the field's 70-year history, a constant challenge has been for OD practitioners to hold on to their core principles and values while staying externally savvy enough to question and evolve

their practices so as not to render their practice irrelevant to those organizations, and marketplaces in which the organizations function.

OD has a revolutionary as well as an evolutionary history (Mirvis, 2006). Sometimes new practices and theories emerged to counteract what seemed to be undesirable in the world of work – eg, the early work in response to the dominance of the 'machinery approach' to organization and the lack of regard for those who work for the organization. Other times, practitioners experimented with new practices to stay 'contextually savvy', such as the whole-system approach to change. The field continues to evolve as different individuals join and try out practices based upon: a) their idealism and values; b) the academic disciplines they've come from; and c) the types of organizations and issues they encounter. As a result, the field is now filled with a rich mix of diverse practices with different premises. After all, this is how any field evolves.

Finally, what personal developmental journey do we practitioners need to undertake to improve our effectiveness as sharp instruments through changing times? The answers to such questions are vital for the future development of the field. This is something we will address in later chapters. It is vital for us to affirm what those early founders saw – the link between the conditions in the world of work and the development of individual potential and creativity, and organizational performance. ODPs need to share their belief that if the link is managed well, the success of the organization will be secured. ODPs therefore need to work hard to turn theories and values into practice, and through experimentation in their practices shape the development of theory. The commitment ODP has is to make organizations healthier and more productive, and their people healthier regardless of how hostile the work environment has become. In Chapter 10, there will be a discussion on the core OD competence. Chapter 12 is a new chapter that will explore what organization health is all about.

02

Theories and practices of OD: a theory overview

The building blocks of our practice

Novice practitioners who long to grow into masters often ask 'What skills does the OD practitioner need to assemble to inform his/her practice?' Behind this question lies the quest for clarity as to what constitutes the building blocks of their practice. To answer this question, let's reflect on the developmental journey of a typical OD practitioner.

Many ODPs have started as tool-oriented technicians, mainly interested in accumulating as many tools as they can so that they can serve others using these tools. Slowly, they have discovered there is a type of consulting *relationship* that will help to advance their practice, and so become more interested in the OD consultancy approach, learning how to navigate through the messiness of consulting relationships through the OD phases of work. As the journey continues, practitioners often discover, despite the tools and techniques and the consultancy template, their practice still feels a bit hollow. They are insecure about what happens if the clients do not like the design, and ask 'What should I do now?' It is then most ODPs realize that they need to move towards a firmer grounding of theory so that they can design any intervention based in real time. At this stage, they can go deeper still by integrating the values they hold dear into their practice. By then, they are savvy enough to know their own sense of mastery is not dependent on any external sources, but on themself. The realization of the power of 'self as instrument' motivates ODPs to search for what type of deeper inner work they need to engage in. It is in reaching this stage of development that practitioners will feel they are in the final stretch of the developmental journey – not that one expects ever to achieve perfection.

Of course, these phases are rarely neatly delineated, and their progression is highly personal. Each phase will pose multiple challenges of growth, but together they are what ODPs will need to commit to if they want to develop their practice.

One can summarize the building blocks of OD practice from this reflection on the practitioner's developmental journey:

- **Tools and techniques:** Interventions that assist the practitioner to enable the system to shift itself. These are 'theories in action' (Chapter 5).

- **OD consultancy cycle:** Phases of engagement with the system as well as the delineation of major 'units of work' that practitioners need to pay attention to in the helping process (Chapters 3–6).

- **Theoretical assumptions:** These are our 'frameworks', which give practitioners firm grounding of the primary principles that govern their work. The grasp of theoretical assumptions will help practitioners to know what to look for as well as help them to formulate a hypothesis to be tested. They give us the platform for our design so that we will choose the appropriate action to take during diagnostic and intervention design phase (Chapter 2).

- **The value and ethics of OD:** Give us the parameters and moral guidance in our work. This is our practice rudder or 'container' (Chapter 1).

- **The use of self:** We are the engine – the instrument through which we do our work. We need to go 'within' ourselves, in order to be impactful (Chapter 10).

Developing one's instrumentality is a lifelong journey for those who have chosen OD as their professional field. This is what this book is about – how to obtain each of the building blocks – over and over again.

For now, I will focus on the theoretical bases of OD.

The theoretical bases of OD

In this chapter I will:

1 review the relationships between research, theory and practice, and the way in which OD theories have developed;

2 review eight core theoretical bases that shape OD practices;

3 look at the methodological and practical implications of the theoretical perspectives on two specific phases of OD work – diagnosis and intervention.

The relationships between theory and practice

As a practice field OD practices are derived mainly from core theories and research from various behavioural science disciplines. In the early days (the 1940s), the separation between theory and practice did not exist as people like Kurt Lewin were

simultaneously undertaking pioneer research and theorizing. He and his colleagues would then experiment with new practices from his many theoretical insights. In fact, during the early years, OD became the action arm of basic social and organization research. As Lewin said, 'Nothing is so practical as a good theory'. So from the 1940s through to the 1970s, research and practice were relatively closely connected. Then in the 1980s, changes began when organizational psychology moved its primary academic location from departments of psychology to business schools, and since then the relationship between research and theories has weakened significantly. In their critique of the widening gap between theory and practice in OD, Bunker *et al* (2005) encouraged practitioners to do more to strengthen the field by increasing two types of activities: a) do more to translate theory-based research into useful knowledge in practice; and b) invent new methods and concepts that can be used as organization interventions, which in turn can inform theories. Their concern expressed the sentiment of many of the founders – theories are crucial in shaping practices.

What theories?

OD is an applied behavioural science field – which means ODPs accumulate their knowledge base from a wide range of theories that inform them as to how humans behave, and what they need to do to help shift people's behaviour. Each theory offers practitioners a different perspective to look at the situation they are in, guiding them to gain a unique understanding of that situation.

There are very few practitioners who are 'pure' subscribers to one theory. To intervene appropriately, practitioners will need a composite perspective to work, which is exactly what Burke (2006) said – that there is no single theory or conceptual model that is representative or by itself encompasses the conceptual field or the practice of OD.

Burke started to point readers to a series of 'mini' theories that have made an impact on OD consultative practice. He referred to them as 'mini' not because he thinks these theories are conceptually lightweight, but because each helps to explain only a portion of organizational behaviour and effectiveness. Burke's mini theories include:

- **The Individual Approach to Change:** Maslow (1954) and Herzberg (1974b) – expectancy theorists; Vroom (1964) and Lawler (1972, 1973) – job satisfaction theorists; Hackman and Oldham (1975) and Skinner (1971);
- **T Group Approach to Change:** Lewin (1958), Argyris (1964) and Bion (1961);
- **The Total System Approach to Change:** Likert (1967), Lawrence and Lorsch (1969), and Levinson (1972).

Burke also refers to others whose impact on OD practice is significant not so much via their theories as via their descriptive work on specific areas. They are:

- Blake and Mouton's managerial grid (1978), a model of managerial style;
- a practice-oriented contribution such as Beckhard (1969), Schein (1969) or Walton (1969);
- Bennis's work, which is broadly explanatory and provocative (1966, 1967, 1969, 1970).

Burke's analysis of these theorists and practitioners is very insightful; readers should spend more time on it (Bradford and Burke, 2005).

Figure 2.1 shows the theoretical roots of OD. There are two layers of theoretical roots: some of them are from earlier times (as signified by the depth of the root) and have exerted a lengthier influence on our thinking; some have emerged more recently (hence their roots are shallower), yet they have all made a significant impact on our practice.

A recent count of 'theories' identified more than those shown in this figure, so how many theories should OD practitioners refer to? It is worthwhile to have a basic knowledge of as many as practical because each will offer some unique insights to help practitioners get a better grasp of human nature, human behaviour and system dynamics, as well as psychological insights in supporting people through tough changes. But since that is not an easy task, I would suggest practitioners should start with what I call eight core theories that have had significant impact on OD consultative practices, as

FIGURE 2.1 Theoretical roots of OD

Dialogical OD
- Bushe
- Marshak

Social Discourse
- Barrett/Thomas/Hocevar
- Marshak/Grant

Complexity & Chaos Theory
- Stacey
- Wheatley
- Black
- Morgan
- Snowden

Psychoanalytical Theory
- Eric Trist
- Fred Emery
- Bion
- Horney
- Fromm
- Freud

Psychodynamic Theory
- Tavistock work
- Family therapy

Action Research
- Lewin

Group Dynamics
- How groups form and function
- Bales
- Schutz
- Tannenbaum
- Argyris
- Bennis

Social Constructionism Theory
- Berger
- Luckmann
- Mead
- Vygotsky
- Fisk

Appreciative Inquiry
- Watkins
- Cooperrider

Change Theories
- Lippitt
- Likert
- Ackerman

System Theory
- Ludwig von Bertalanffy
- Katz and Kahn

quite a few of the other theories are derived from them. I know there will be colleagues who have different views about which theories are core and which are not, but these eight are where I will start from as a newcomer and then build on from there.

Eight core theoretical bases that shape OD practices

In this section, I will focus mainly on the eight core theories that offer clear reference points for ODP practices across all OD consultancy phases.

One note of clarification: while this is a theory chapter, it is not my aim to give a substantial academic appraisal of the theories. Instead I give a 'just enough' description of each theory from a practitioner's perspective. Deeper grounding in theory should be a long-term goal for every practitioner. The robustness of one's practice is dependent on how well the complex intricacies of these diverse theories are understood, and hence applied, reflected and circled back to strengthen or revise the theoretical underpinning.

The eight core theories we will cover are:

1 Systems theory;

2 Action Research theory;

3 Change theories: Field theory, Group Dynamics and Three-step Model of Change;

4 Social Constructionism: Appreciative Inquiry;

5 Complexity and chaos theories;

6 Human Systems Dynamics (HSD);

7 Dialogic OD theory;

8 Social Discourse theory.

Systems theory

Ludwig Von Bertalanffy first articulated the principles of general Systems theory in 1950, and Katz and Kahn were the first to apply open Systems theory to organizations in 1966. According to French and Bell (1999: 82) Systems theory is one of the most powerful conceptual tools available for understanding the dynamics of organizations and organizational change.

What is a 'system'? In OD terminology, it can be an individual, a team, a sub-unit, a unit, a division or a total organization. The following definitions of 'system' help to clarify the concept:

• 'A set of objects together with relationships between the objects and between their attributes' (Hall and Fagen, 1956).

• 'System as a set of elements standing in interaction' (Von Bertalanffy, 1956).

- 'An organized, unitary whole composed of two or more interdependent parts, components, or subsystems, and delineated by identifiable boundaries from its environmental suprasystem' (Kast and Rosenzweig, 1985).
- 'A system is an arrangement of interrelated parts. The words "arrangement" and "interrelated" describe interdependent elements forming an entity that is the system. Thus, when taking a systems approach, one begins by identifying the individual parts and then seeks to understand the nature of their collective interaction' (Hanna, 1988).

FIGURE 2.2 Core concepts from Systems theory

	Conceptual summary
Key points	- The organization is an open system, constantly interacting with the environment, influencing it or being influenced by it, which in turn shapes the internal components in order to maintain its ability to produce the required output to stay viable. - No system exists in an environmental vacuum; it extracts resources and fulfils demands from the environment in which it lives (input) and it puts out the appropriate level of service, products and outputs to the different stakeholders in order to justify its position in the market/world (output requirements). - For an organization to stay robust, it must pay attention to external (environmental) inputs, discover the implications of those input factors on the organization and take steps to adjust output requirement to stay relevant in the environment (input causes systemic change). - Organizations are dynamic systems in a continuous state of adaptation and improvement (Senge, 1990). - Systems develop through continuous processes of differentiation and integration (Weisbord, 1987). - Environmental scanning is an important activity – institutions survive if they are externally aware and internally adaptive. This task lies in the mandate of the leadership (Katz and Kahn, 1978). - A system is made up of many parts (sub-systems). The quality of the relationships between its parts is important to the functioning of the system. - All of the sub-systems are interconnected and interdependent. Nothing can be nurtured and grown in isolation: not individuals, not groups, not organizations or whole nations (Von Bertalanffy, 1950). - Sub-systems contain significant information about the whole. - When one part of a system is affected, all parts are affected (some known and others not). - Every system is both a context for sub-systems and a sub-system of a larger, whole system. - It is not possible to know everything about a system, but watchful attention will give us clues.

(continued)

FIGURE 2.2 (Continued)

	Conceptual summary
Implications	• Transformational change will come from the environment (input into the system), which requires the system to rethink its output, all its parts and the relationship of its parts. • Changes in one part of the organization will impact other parts of the organization. Looking out for unintended consequences is important. • Systemic alignment is an essential effort to strive towards restoring sufficient congruence to the systems. • Sustainable change needs to aim for a minimum three levels of systems intervention. • It is not possible to control changes to a system, but it is possible to influence changes to a system and avoid unintended consequences. Paying attention to the complex interdependencies is a critical job of a change agent. • No one sitting at the top will have all the data required for changing the organization. • Robust data need to be drawn from all parts of the system. Tapping into the rich tapestry of the system's wisdom is a must.

Action Research theory

Kurt Lewin's planned approach to change comprised four elements: Field theory, Group Dynamics, Action Research and the Three-step Model of Change. Many tend to treat them as separate elements of his work, but Lewin himself saw them as a unified whole, all being necessary to bring about planned change (Allport, 1948; Bargal and Bar, 1992; Burnes, 2004; Kippenberger, 1998a; Smith, 2001). While these four theories have suffered much criticism for being considered old-fashioned, they remain the theoretical pillars of OD practice.

Few social scientists can have received the level of praise that has been heaped upon Kurt Lewin. Tolman, in giving his memorial address for Kurt Lewin, stated that:

> Freud the clinician and Lewin the experimentalist – these are the two men whose names will stand out before all others in the history of our psychological era.

Edgar Schein (1980: 239) referred to Lewin as:

> the intellectual father of contemporary theories of applied behavioural science.

At the heart of Lewin's work is his humanitarian commitment to build civil society by resolving conflict – whether religious, racial, marital or industrial. The key to resolving social conflict, according to him, was to facilitate planned change through learning, and so enable individuals to understand and restructure their perceptions of the world around them. Here, I will focus on his first major theory, Action Research.

FIGURE 2.3 Core concepts from Action Research theory

	Conceptual summary
Key insights	• Action Research is a reiterative, cyclical, four-step process: diagnosing, planning, action taking and evaluating action. The process proceeds in a spiral of steps, each of which is composed of a circle of planning, action and fact-finding about the results of the action. It is in this iterative process that research leads to action, and action leads to evaluation and further action. • In practice, the words 'action research' are reversed – research (diagnostic data) is first conducted and then action is taken as a direct result of what the research data are interpreted to indicate. • Action Research attempts to meet the dual goals of making action more effective and building a body of scientific knowledge around the action. • Action in this context refers to programmes and interventions designed to solve problems and improve conditions. • The process is collaborative. Those who are consulting will work with members of the organization or community in a joint democratic inquiry. By creating and executing effective plans together, issues important to leaders, members and their stakeholders in a given context will be dealt with. • The action research method empowers local parties, enabling them to gain the competencies needed to apply action methods independently on their own behalf, thus becoming less dependent upon outside experts, and hence more sustainable. • The action research method generates new knowledge about the subject matter of a change process as well as about the process itself.
Implications	• The theoretical foundations of Action Research lie in Gestalt psychology, which stresses that change can only be achieved successfully by helping individuals to reflect on and gain new insights into the totality of their situation. • The best way is to collaborate with members of the system to change it to what is regarded as a desirable direction from their perspective. • To get traction in the implementation stage in change, we need to turn the key people/ groups involved into researchers/co-investigators/ co-planners as early as possible, as people learn best, and willingly apply what they have learnt, when they do it themselves. • Decisions are best implemented by those who help to make them. • The main role of a change leader is to nurture local leaders to the point where they can take responsibility for carrying out the action research process with their own staff and community. • Action Research is based on a firm commitment to democracy that sees the freedom to pursue and test all lines of enquiry as being crucial to achieving the learning in change. (Lewin's group-based, iterative, learning approach to change bears a close resemblance to the concept of self-organization as espoused by complexity theorists.) • Group learning is at the core of the change process and the ability to learn enables groups and organizations to identify the existing 'order-generating rules' that underpin the way the organization works and therefore how to change them to create movement. Once the organization enables the individual group to enter into this 'learning zone', then it can self-organize to change.

Action Research is a cornerstone of Organization Development, underlying both the theory and practice of the field. Lewin believed Action Research would address several needs an individual has simultaneously during change (Lewin 1947b: 143–53):

- the pressing need for greater knowledge about the causes and dynamics of social issues;
- the need to understand the laws of social change;
- the need for greater collaboration and joint inquiry between the practitioners and those who are experiencing the change (system members);
- the need for 'richer' data about real-world issues to increase motivation for change;
- the need to discover workable, practical solutions to problems that are owned by those who are affected;
- the importance of staying in the learning stance throughout the change journey.

Lewin advised, 'no action without research; no research without action'. The significance of this point is hard to comprehend until you come face to face with its practical utility in intervention. Almost nothing works as well as interventions derived from this theoretical perspective.

Lewin's change theories – Field theory; Group Dynamics; Three-step Model of Change

Lewin was the first psychologist to write about 'Group Dynamics' and the importance of the group in shaping the behaviour of its members (Allport, 1948; Bargal and Bar, 1992). The word 'dynamics' comes from a Greek word meaning forces. So Group Dynamics refers to the forces operating in groups. It is the studying of these types of forces – what gave rise to them, what conditions modify them, what consequences they have, etc, that makes up the theory of Group Dynamics. Lewin's pioneering work on Group Dynamics not only laid the foundations for our understanding of groups but also helped us recognize the need to provide a process whereby the members could be engaged in and committed to changing their behaviour.

Field theory is an approach to understand group behaviour by trying to map out the totality and complexity of the 'field' in which the behaviour takes place. Lewin believed that individual behaviour is a function of the group environment or 'field'. Consequently, changes in behaviour will stem from changes in the forces within the field.

Lewin's Three-step Model – unfreezing, movement, refreezing – is highly related to Field theory. Lewin believes that our behaviour is based on a quasi-stationary equilibrium supported by a complex field of driving and restraining forces. The equi-

librium needs to be destabilized first (unfreezing) before new behaviour can be adopted. So the concept includes unfreezing (destabilizing the status quo), movement (creating the motivation to learn – aided by the Action Research approach), and then refreezing (seeking to stabilize the group at a new quasi-stationary equilibrium in order to ensure that the new behaviours are relatively safe from regression).

FIGURE 2.4 Core concepts from Field theory, Group Dynamics and the Three-step Model of Change

Key subject	Concept summary
Field theory and Group Dynamics	• While human behaviour is a function of a person's personality, discussed primarily in terms of motivation or needs, it is also a function of the group environment or 'field' to which s/he belongs. The group to which an individual belongs is the grounds for his/her perceptions, his/her feelings and his/her actions (Allport, 1948; Lewin, 1948, 1951). • The approach to understand group behaviour is to map out the totality and complexity of the field in which the individual behaviour takes place. • Lewin thinks one should view the present situation – the status quo – as being maintained by an intricate set of symbolic interactions and forces that affect group structures and individual behaviour (Lewin, 1943). Individual behaviour, therefore, is a function of the group environment or 'field'. • Lewin stressed that the routines and patterns of behaviour in a group are more than just the outcome of opposing forces. They have a 'value' in themselves and have a positive role in enforcing group norms. • Once we understand: a) the type of forces operating in the group; b) what value the individual members put on these forces; c) how they then subject themselves to these forces, we understand why group members behave the way they do.
Three-step Model of Change	• Step 1 – *unfreezing*: For Lewin, human behaviour is based on quasi-stationary equilibrium supported by a complex field of forces. Before old behaviour can be discarded (unlearnt) and new behaviour successfully adopted, the equilibrium needs to be destabilized (unfrozen). This will then create motivation to learn and to change. • Step 2 – *moving*: This is mainly a learning step in which the individual and the group emerge from unlearning the past, understand what is required of them in the new era and begin to take steps to move together the available options or more acceptable set of behaviours that will serve them better. • Step 3 – *refreezing*: This seeks to stabilize the group at a new quasi-stationary equilibrium in order to ensure that the new behaviours are relatively safe from regression. The new behaviour must be to some degree congruent with the rest of the behaviour, personality and environment of the learner or it will simply lead to a new round of disconfirmation (Schein, 1996).

(*continued*)

FIGURE 2.4 (Continued)

Key subject	Concept summary
Change from all three theories	• Action research stresses that for change to be effective it must take place at the group level, and must be a participative and collaborative process that involves all of those concerned (Allport, 1948; Bargal and Bar, 1992; French and Bell, 1978; Lewin, 1947). • Group behaviour, rather than that of individuals, should be the main focus of change (Bernstein, 1968; Dent and Goldberg, 1999). Lewin (1947) maintained that it is fruitless to concentrate on changing the behaviour of individuals because the individual in isolation is constrained by group pressure to conform. • The focus of change at the group level should concentrate on the field where individuals function and on factors such as group norms, roles, interactions and socialization processes to create 'disequilibrium' and change (Schein, 1988a,b). • Any changes in behaviour stem from changes, small or large, in the forces within the field. • In organizational terms, refreezing often requires changes to organizational culture, norms, policies and practices be bedded down. • If we attempt to change an attitude or the behaviour of an individual without attempting to change the same behaviour or attitude in the group to which the individual belongs, then the individual will be a deviant and either will come under pressure from the group to get back into line or will be rejected entirely. 'As long as group standards are unchanged the individual will resist change more strongly the farther he is to depart from group standards. If the group standard itself is changed, the resistance which is due to the relationship between individual and group standard is eliminated' (Lewin,1958: 210). • Ed Schein (1996) built on Lewin's three-step change theory by identifying three necessary processes to achieve unfreezing: a) disconfirmation of the validity of the status quo; b) induction of guilt or survival anxiety; c) creating psychological safety. However, he was very clear that unless sufficient psychological safety is created, the disconfirming information will be denied or in other ways defended against, no survival anxiety will be felt and consequently no change will occur. • Lewin did not see organizations as rigid or fixed but instead believed that 'change and constancy are relative concepts; group life is never without change, merely differences in the amount and type of change exist' (Lewin, 1947).

Social Constructionism – Appreciative Inquiry

A major focus of Social Constructionism is to uncover the ways in which individuals and groups participate in the creation of their perceived reality. It involves looking at the ways social phenomena are created, institutionalized and made into tradition by humans. A socially constructed reality is one that is seen as evolving mainly through dialectical interaction, and reproduced by people acting on their interpretations and

their knowledge of it. This is different from 'realism', which is the doctrine that the external world exists independently of our representations of it, which include perceptions, thoughts, language, beliefs and desires.

FIGURE 2.5 Core concepts from Social Constructionism and Appreciative Inquiry

	Conceptual summary
Key insights	**Social Constructionism** • All reality is socially constructed. • The world does not present itself objectively to the observer, but is known through human experience, which is largely influenced by language, history and cultural specificity. • Knowledge is sustained by social processes – how reality is understood at a given moment is determined by the conventions of communication in force at that time. • Discourse and narrative are important processes. Social actors will often take up a preferred narrative to create consequences they desire. • There are multiple realities, and what people focus on becomes their reality. • The language people use helps them to create reality. • Sense-making comes from the interaction people have with each other; hence reality is created/constructed in the moment. • The act of asking questions and the type of questions can influence the group or organization in some major ways. • Human beings respond not to physical objectivity or events themselves, but to the meaning of events. • Meaning is not a property of the objects and events, but a construction between people. • Wholeness precedes parts – interconnectedness in relationships is important in creating collective owned reality. • Human systems can create what they imagine. • A leader or change agent needs to pay attention to how collective action is a vital part of creating a way to enact the values and visions of a group, an organization or a society. • In every society, organizations or groups are sense-making all the time and the meaning they create will affect their actions. **Appreciative Inquiry (AI) (stems from Social Constructionism)** • Human organizations are open books. An organization's story is constantly co-authored by the people within the organization and the topic of study is by choice. • AI believes that in every organization there is something that works. By focusing on what works, the organization will gain energy and confidence to move forward. So instead of focusing on fixing what is broken, AI shifts to creating what is desired. Instead of imposing order, creating systems where all voices are heard and valued and where the responsibility for moving the organization along the path of the future is truly the responsibility of each and every member. • In AI, the leadership's task is to create an alignment of strengths, making our weaknesses irrelevant.

FIGURE 2.5 (Continued)

	Conceptual summary
Implications	**Social Constructionism and Appreciative Inquiry** • In change, leaders need to pay attention to the sense-making process of the organization members and the emergent nature of managing change through the process of inquiry and collective sense-making. • Human systems move in the direction of what they study and what they are most frequently being asked about. • Choice point for leaders or change agent is: what topics will help the whole system to create energy to change? • It is the leader's job to create dialogue where people are encouraged to make sense of the situation. • Change using the social constructionism approach tends to be collaborative, highly participative, inclusive, system wide, centred on exploring, seeking and committed to 'distributive leadership'. The methodology focuses on the 'primacy of relationship'. • Inquiry and change are not separate moments but are simultaneous (simultaneity principle). Inquiry is intervention, the seeds of change. The questions we ask set the stage for what we discover. • If AI as a methodology is used, leaders seek to help the system work from accounts of its 'positive change core' and create dialogue around this positive core. They then try to link the energy of this core directly to any change agenda and changes that were never thought possible are suddenly and democratically mobilized. • People have more confidence and comfort to journey to the future when they carry forward parts of the best of the past. • AI involves, in a central way, the art and practice of asking questions that strengthen a system's capacity to apprehend, anticipate and heighten positive potential. • Change technique will focus on using stories, imagery, poetry – methodology that taps into the right brain. • Organizations do not need to be fixed, they need constant reaffirmation. More precisely, organizations' systems need to be appreciated. Every new affirmative projection of the future is a consequence of an appreciative understanding of the past or the present.

The origins of Social Constructionism are in the work of Mead (1934) who found that children learn to interact with others by assimilating a shared system of symbolic representation, which in turn helps them to derive meaning from the social situation. Her work went in parallel with that of Vygotsky in the early 1930s who believed that children internalize dialogue with others and then gradually acquire understanding of the social and cultural meanings of their environment. These meanings mediate the relationship between language and cognition. The fact is, we cannot know the situation on its own terms, but, as most anthropologists remind us, only through the

conceptual and linguistic structures of our own culture. The task for us is to discover how people make sense of the world, not what the world is.

Constructionism became prominent in the United States with Peter Berger and Thomas Luckmann's 1966 book, *The Social Construction of Reality*. They argued that all knowledge, including the most basic, taken-for-granted common sense about everyday reality, is derived from and maintained by social interaction.

The significance of this theory for practitioners is its belief that if reality is socially constructed, then it can be modified by injecting alternative conversations, stories and narratives into the system. Also, change leaders need to accept that reality is not one-dimensional and hence their job is to work with the diverse understanding of the change by the various stakeholder groups.

Complexity and chaos theories

Increasingly over the last two decades, both academics and practitioners have come to view organizations through the lens of complexity theories and this has a profound impact on our view of how organizations operate naturally and how they should be structured and changed. The work of Pascale *et al* (2000: 1–2) described complexity science this way:

> We are entering another scientific renaissance... also known as 'complexity science', this work grapples with the mysteries of life itself, and is propelled forward by the confluence of three streams of inquiry: 1) breakthrough discoveries in the life sciences, eg biology, medicine, and ecology; 2) insights of the social sciences, eg sociology, psychology, and economics and 3) new developments in the hard science (for example, physics, mathematics, and information technology). The resulting work has revealed exciting insights into life and has opened up new avenues for management.

The work of complexity and chaos theories was derived from different disciplines in natural science, which range as far and wide as astronomy, chemistry, evolutionary biology, geology and meteorology, where they have shown that disequilibrium is a necessary condition for the growth of dynamic systems (Prigogine and Stengers, 1984).

Black (2000) emphasizes that under the umbrella of Complexity and chaos theory there are actually a variety of theories, ideas and research programmes with diverse viewpoints about what complexity is, and therefore he thinks we must use the term 'complexity and chaos theories' as it is not a singular concept.

The application of Complexity and chaos theory to organizations and leadership is championed by people like Wheatley (1992), Morgan (1997), Black (2000), Stacey *et al* (2002), Stacey (2003), Snowden (2002), Snowden and Stanbridge (2004). They challenge how the organization should view change and its way of operating. In the words of Richard Pascale, 'Stated simply, when societies, communities and organizations encounter the need for adaptive change (that is, change that departs from the

trajectory of "business as usual") social engineering doesn't work. And it never has' (Pascale, 2006).

Under this view, organizations, like complex systems in nature, are seen as dynamic non-linear systems. The outcome of their actions is unpredictable in detail but, like turbulence in gases and liquids, it is governed by a set of simple order-generating rules. Therefore leaders and change agents need to accept they cannot manage change; all they can do is to support the organization to move towards the 'edge of chaos' and self-manage their change journey.

FIGURE 2.6 Core concepts from Complexity and chaos theories

Key subject	Concept summary
General	• All organizations face unknowable specific futures. Ability to learn is critical to navigate through the unknown.
	• All organizations are paradoxes. They are pulled towards stability by the forces of integration, maintenance controls, human desires for security and certainty and adaptation to the environment on the one hand, but also pulled towards the opposite extreme of unstable equilibrium by the forces of division and decentralization backed up by the human desires for excitement, innovation and the urge to act autonomously.
	• If the organization gives in to the pull of stability it will ossify and cannot change easily. If it gives in to the pull of instability it disintegrates.
	• Any organization seeking a stable equilibrium relationship within an environment that is inherently unpredictable is bound to lead to failure.
	• Systems therefore are constantly changing and the laws of cause and effect appear not to apply.
	• Emergence of order happens in a dynamic, non-linear and unpredictable fashion; patterns of behaviour emerge in irregular forms through a process of self-organization.
	• In unpredictable environments, things happen at the micro level where the most powerful processes of change often take place – where relationships, interactions, small experiments and simple rules shape emerging patterns.
Organization	• Organizations are 'complex adaptive systems' which, to survive, need to operate at the edge of chaos and respond continuously to changes in their environments through just such a process of spontaneous self-organizing change.
	• 'Edge of chaos' is a term coined by Chris Langton, but popularized by Stuart Kauffman (1995). According to them, the success of any organization lies in its ability to sustain itself on the border between stability and instability – the edge of chaos. Organizations live on the edge of chaos most of the time – ie this bounded instability is where organizations need to learn to operate. In this operating position the organization should welcome disorder as a partner and use instability positively. Then new possible futures for the organization will emerge, arising out of members releasing creativity to continuously re-invent the organization.

(*continued*)

FIGURE 2.6 (Continued)

Key subject	Concept summary
	- Feedback in all organizations happens in non-linear webs or loops. Organizations do not only adapt to their environments through feedback, but also help to create them. - All agents within the system cannot be in control of its long-term future. They cannot install specific frameworks to make it successful, nor can they apply step-by-step analytical reasoning or planning or ideological controls to long-term development. Agents within the system can only do these things in relation to the short term. - Political interaction and learning in groups will foster spontaneous self-organization. - In areas of low certainty and low agreement (Stacey's concept) a high level of interaction is needed among organization agents. They need to work together to seek the many alternatives of how to carve out a survival path, each with differing degrees of predictability. - Strong internal culture is generally bad for the organization – the last thing the organization wants is 'group think'. Organizations need to promote divergence and discourage potent pressures for conformity by fostering diversity and agility of thought – prerequisites for the organization's longer-term success. - Organization design needs to be rethought – complexity will require organizations to reconsider the nature of hierarchy and control (rejecting the cause and effect, top-down, command and control approach). The organization must improve its fostering of the self-organizing principles without obsessing over too much order and control. - Agility of an organization will come from active encouragement of experimentation and surfacing of divergent views; even allowing rule-breaking. Leaders need to recognize that people need the freedom to own their power, think innovatively and operate in new patterns. - The key to achieving this is a flexible decentralized structure (Jenner, 1998). Brown and Eisenhardt (1997) refer to such flexible structures as 'semi-structures' that 'are sufficiently rigid so that change can be organized, but not so rigid that it cannot occur'. - Long-term planning is irrelevant if not a hindrance. Strategy should not be about realization of prior intent, but rather emphasize the importance of openness to accident, coincidence, serendipity and from complex and continuing interactions between people. - Long-term development is a spontaneous self-organizing process from which new strategic directions may emerge. - Organizations should foster learning, especially around how people should view instability. If the future is, in principle, unknowable for systems of any complexity, organization must develop double-loop learning. It is not enough for the managers to adjust their behaviour in response to feedback on the success of their actions – they also need to reflect on the appropriateness, in the light of unfolding events, of the assumptions (the mental model) used to set up those actions.

FIGURE 2.6 (Continued)

Key subject	Concept summary
Change	- The key point emerging from this paradigm is that change simply cannot be managed, and all practitioners can hope for is to work with the chaos and complexity by facilitating the flow of energy within the system. - Changes cannot be driven but must be fostered and supported. *Dynamic system* – organizations need to think about how to use small changes to create large effects. - Three variables are significant in moving systems to the edge of chaos: *connectivity, diversity* and *information flow*. If agents of stable systems become better connected, if there is more diversity in these connections, and if the amount of information transferred is increased, then the system can move to the edge of chaos. - Stacey (1996) added two other variables: level of contained anxiety and the power differentials in the system. - If the anxiety is too contained, there is no possibility of change or creativity. If there is too much anxiety there will be a tendency for 'headless chicken' type behaviour, or else for the building of spurious and unhelpful defences. If there is too much control in the form of high power differentials between different parts of the organization, creativity and readiness for change are likely to be stifled. Contrariwise, if the control mechanisms are too weak the system can dissolve into chaotic or random behaviour. - In order for organizations to promote change through self-organization, a number of writers have argued that organizations need to operate on democratic principles – that is, their members will have the freedom to self-organize. Authority must be delegated to those who have access to the broadest channels of information that relate to the issue concerned (a balanced distribution of power, strong customer focus, a strategy of continuous learning and an orientation towards community service). - Interventions such as system-wide collaborative inquiry can help to build connectivity and surface diversity. - Introducing a stimulus to the system that is at the edge of chaos may cause change to ripple through, like some kind of domino effect (Bak, 1997). Such movement cannot be directed, but we may be able to influence it.

Human Systems Dynamics (HSD)[1]

Human Systems Dynamics (HSD) is a theory-based practice for seeing, understanding and influencing unpredictable change. The founder of this school of thinking is Glenda Eoyang, who has a pervasive vision of HSD: 'People everywhere thrive because we see patterns clearly, seek to understand, and act with courage to transform turbulence and uncertainty into possibility for all'.

The approach is informed by non-linear sciences, including chaos theory and complexity science. The collection of HSD models and methods have been applied to a variety of challenges in turbulent contexts around the world. Examples include:

- Government response to poverty in the United Kingdom.
- COVID-19 response in the National Health Service of the United Kingdom.
- Interprofessional medical education in South Africa.
- School reform and professional development for teachers in the United States.
- Evaluation of complex social interventions in New Zealand.
- Leadership coaching online and in person.
- Planning for uncertain futures for social networks, communities and organizations around the world.

The theory has three sets of interwoven concepts that make HSD very practical to use.

Adaptative Action. First, HSD supports a simple learning and action cycle used by individuals, teams and institutions as they adapt to changing circumstances. The process, called Adaptive Action, consists of three, simple questions: WHAT? to collect observations and data; SO WHAT? to support sensemaking and innovation; and NOW WHAT? to move towards action. Each NOW WHAT? shifts the patterns of the complex system and generates new, unpredictable responses. That emergent change prompts the WHAT? to begin the next cycle of the evolving Adaptive Action process.

In addition to Adaptive Action, two other practices form the core of the HSD approach: Pattern Logic and Inquiry.

Pattern Logic models the emerging behaviour of complex, self-organizing systems. In self-organizing systems change is caused by the complex, unknowable interactions within the boundaries of the system. Examples of self-organizing patterns in human systems include employee engagement, team performance, and individual health and well-being. Such emergent, systemic behaviour cannot be predicted or controlled, but it can be influenced. The three conditions of Pattern Logic allow observers and actors to see the current state of the system in meaningful ways, to understand the potential power and pathways of the system as it changes, and to choose actions that might influence the future of the system as it emerges. The three conditions for self-organizing systems that are represented in Pattern Logic include Containers (that hold the system together), Differences (that give both meaning and potential for change) and Exchanges (that connect parts of the system to each other and convert potential into actual change for individuals and groups).

Inquiry includes a range of practices that help people engage with unpredictable change. In times of radical uncertainty, it is impossible to know answers, so questions drive the most effective system interactions. In HSD, four simple rules help practitioners practice inquiry in their personal and professional lives:

- Turn judgement into curiosity.
- Turn conflict into shared exploration.
- Turn defensiveness into self-reflection.
- Turn assumptions into questions.

Adaptive Action, Pattern Logic, and Inquiry establish a foundation for the practice of Human Systems Dynamics. Each individual practitioner draws on these to develop their adaptive capacity to thrive in uncertain and turbulent times. For more information about HSD and the Human Systems Dynamics Institute, visit www.hsdinstitute. org or refer to *Adaptive Action: Leveraging uncertainty in your organization* (Eoyang and Holladay, 2013). Please note that in Chapter 9, the concept of CDE (Container, Differences and Exchange) of HSD is discussed further with a case example to illustrate how it is used in behavioural change situations. See Figure 2.7 for a summary of the concept and its application.

FIGURE 2.7 Core concepts from HSD and possible applications

	Conceptual summary
Implications and applications	HSD applies across levels of human systems. The models and methods of HSD can be used to influence interpersonal patterns of physical, emotional, or cognitive well-being. They also relate to patterns of team performance, group conflict, institutional strategy and community development. At any level of human interaction, HSD reveals underlying dynamics and practical and powerful options for action.
	HSD is flexible. It can be used by individuals in short time horizons and urgent demands. It can also support global networks in shared understanding and action even when views are diverse and time horizons are long. It can be used to design physical spaces, inspire artistic creativity, surface and resolve social conflicts, plan for uncertain futures and support people recovering from addiction.
	The patterns of HSD practice are informed by six simple rules: • Stand in inquiry. In uncertain times, a good question is much more useful than any answer. • Find the energy in difference. Use common ground to build stability, but allow differences to reveal opportunity and potential for breakthrough change.

(continued)

FIGURE 2.7 (Continued)

	Conceptual summary
	• Zoom in and zoom out. Change in a complex system happens at every level. Individuals, teams, organizations and communities mutually influence change. An effective change agent will zoom in to influence individuals, zoom out to shift public policy and work on all scales in-between.
	• Search for what is true and useful. In human systems dynamics, understanding does not cause change. Truth, by itself, will not bring about transformation. Useful action is required. So, in HSD change efforts, we depend on the insights of truth and the impacts from what is useful.
	• Connect with stories and impacts. While personal interactions and emotional responses are important in change management, they may be temporary and misleading. When they inspire and inform action, they engender stories and impacts that are the goal of any change.
	• Celebrate life! Complex change is serious, but it is also full of glorious surprise and infinite possibility. The HSD community strives to experience and share the wonder and awe that emerge from the complex dynamics of human systems.
	Possible application of its key principles (how to use these principles)
	Adaptive Action shapes our application and influence on complex systems. We ask:
	• WHAT?
	◦ What are the patterns observed in this moment?
	◦ What boundaries are relevant to the system and the ability to influence it in the future?
	◦ What are the differences that make a difference?
	◦ What connections are working well, and which ones are not?
	◦ What is stuck and what is moving?
	• SO WHAT?
	◦ So what are tensions in the system?
	◦ So what constraints influence what is or is not happening?
	◦ So what energy does the system hold for change?
	◦ So what is happening outside and/or within the level of focus?
	◦ So what might be possible?
	• NOW WHAT?
	◦ Now what are options for action, given what we know and the power we have?
	◦ Now what are potential risks and benefits?
	◦ Now what might happen next, and how might we respond?
	◦ Now what communication is necessary?
	◦ Now what will success look like?
	The action in NOW WHAT? influences the state of the system and it can shift into some new pattern. At that point, the process moves to the next WHAT? The cycle continues in an ongoing dance of perception, learning and action to see, understand and influence patterns in complex human systems.

SOURCE Glenda Eoyang, 2020

Dialogic OD

In Spring 2015 a very significant book appeared on the market – *Dialogic Organization Development: The theory and practice of transformational change* (Bushe and Marshak, 2015). The reason this book is significant is because the authors have pulled together the OD journey and evolution of the past 50 years and made both an academic and practice case to build an integrated theory of practice called Dialogic OD. Through their special Winter edition of *Organization Development Practitioner Journal* in 2013 and this 2015 book, they have found the logic behind why dialogic interventions succeed, what informed these approaches, etc. Through their work, another body of knowledge has been gathered and built and the various publications that tightly or loosely fit into this theoretical orientation have been pulled together with a much greater sense of coherency.

OD is built on a set of democratic and humanistic values – hence it has always put a premium on gathering people together to meet face to face, working through the issues that are of concern to them so that by being together they will engage with each other in generative dialogue to find ways to move issues forward together. This value-in-action has established a solid foundation for the dialogic approach in the practice of OD.

This approach continues to be used in spite of the dominance of the mechanical approach to change, but it has been treated mainly as an intervention, not a coherent framework for change. In the early years, most OD practitioners were not as well equipped as they are now methodologically or in knowledge of applied behavioural science. With the surge of dialogic methods (between 27 and 68, depending on who you ask and how they are being counted), the time had come for these two academically distinguished scholars and practitioners to look retrospectively at the 'theory in use' – examine what the philosophical and intellectual bases are for this approach and why, when this approach is used thoughtfully, it always produces better and more sustainable results than most other OD interventions.

Those practitioners who have participated in a T group (NTL has been offering T groups for close to 70 years), know the dialogic approach to change is deeply embedded in the design of experiential 'laboratory' education. The reason a T group has a transformative impact on those who attend is that through social discourse and dialogue, individual fundamental schema are disrupted and alternative generative images emerge, from which the individual can choose whether they will be bold enough to step out of their own constraints and move towards these alternatives. The work done on team development in the US military by Tannenbaum in China Lake between 1952 and 1953 and Schein's process consultation work are also built on this foundation. Schein uses a concept of creating 'cultural islands' where the process consultant maintains a safe space to enable members to talk about the 'unspeakable'. This approach believes that through the power of social discourse and

dialogue, change can happen. The purpose of any OD intervention is not so much to solve people's or teams' problems, as problems will always exist within a human group, but through process intervention system members are equipped to learn what they need to do process-wise for self-renewal and continuous adaptation for the future. As the saying goes, OD practitioners' key duty is to help the system to 'reveal itself to itself' through inquiry and dialogue.

The Complexity and chaos theories added another dimension to this approach. Since no one can ever predict what type of change any system will need to deal with at any one time, the role of OD intervention is to increase the system's capability to self-organize, and to unearth the local wisdom so that the system can also evolve in its capability to break out from social, cultural, psychological and paradigm constraints, and develop continuously.

In such complex situations, the role of OD practitioners will need to evolve also. When change cannot be managed because agents are acting autonomously and network members are interacting dynamically with each other in a way that will increase the complexity and chaos, our job is to watch for what is emerging, and to nudge the system towards alternative patterns of activity that will help it to become more agile, and adaptive to change. Our job is not to shuffle them manipulatively down a particular change path.

What Bushe and Marshak have done is both brilliant and significant in terms of looking back on our historical journey to put coherence of our practice in this area and then move on to form an important theoretical orientation.

The way I see this 'old/new' theoretical orientation is not so much as casting off older ideas, but adding on, re-aligning and transforming them – so that we will be better able to help the organizations we work with. I have confidence we can do that, as OD practitioners who are committed to the core values of OD, as we instinctively know that using a dialogic approach to help a system to move on is already in our blood. The reality is that both Diagnostic OD and Dialogic OD have different things to offer on our continuous journey in making a rich tapestry of our field of knowledge. As in any such journey, sometimes theories came first and guided our practice, while on other occasions our practices have matured to a point that working theories have emerged. Dialogic OD fits into the latter category.

The 2013 special *OD Practitioner* Winter issue on Dialogic OD gave full coverage to the subject and the new book offers a rich feast of learning – so I do not attempt in this edition to give a full review of this theoretical orientation, but I hope Figure 2.8 will give readers a grasp of this emerging change theory. I want to acknowledge much of the content of the grid is sourced from the range of articles in the 2013 special issue on Dialogic OD in *ODP*.

FIGURE 2.8 Core concepts from Dialogic OD

Key subject	Concept summary

General	• Dialogic methods have existed in OD for more than 50 years. Dialogic OD change process is based in social constructionism and involves changing narratives that underpin social reality. It has an 'interpretative' origin.
	
	• In this orientation of change, very much like social constructionism in that all reality is socially constructed through language, text, narratives and stories, an organization is a sense-making system in which multiple forms of interaction take place every day to shape and reshape meanings through interaction.
	
	• Peggy Holman (2013) explained Dialogic OD engages the diverse people of a system to focus in open interactions to catalyse unexpected and lasting shifts in perspective and behaviour.
	
	• A basic assumption of Dialogic OD practices is that change occurs through changing the conversations in a system.
	
	• While Dialogic OD does not do diagnosis, it does ask questions and engage people in inquiry; the difference, they insist, is that they do not carry empirical inquiry and the point is **not** to find 'the truth'.
	
	• They believe that only inquiry that is linked to things that address a widely shared challenge has a chance to be transformational.
	
	• The conditions that will lead to successful Dialogic OD (Bushe, 2013; Holman, 2013) include the following:
	  ◦ Have an issue that is important to the community, which requires a systemic effort to resolve.
	  ◦ Reframe problem/challenge into possibility-centric, future-focused issue that is personally meaningful to community members (ask possibility oriented questions).
	  ◦ Have the right mix of people in the room for the dialogue (invite diversity).
	  ◦ Convene events and design the utilization of generative images to provoke new thinking and catalyse self-generated change proposals from the community (be welcoming, provide loose framework and create safety).

Change	• The generic model of Dialogic OD rests on the assumption that change occurs when the day-to-day thinking of members of any group, organization, and/or community has been altered to the extent that their day-to-day decisions and actions have shifted, which in turn cause disruption and changes to the culture of these social units. • The Dialogic OD writers believe that a Dialogic OD approach to change happens when, through dialogue, the system members' language, stories, and narratives they have been using have been altered, which has then led to the profound shift of the thinking and therefore action, behaviour of the members of the system. • Such profound change occurs from a ***generative image***, which Bushe (2013) defines as ideas, phrases, objects, pictures, manifestos, stories or new words. According to him, a generative image has two properties: a) it allows us to see new alternatives for decisions and actions as such images have the power to disrupt our guiding assumptions and raise fundamental questions regarding current reality, which can be taken for granted; b) the image presents new possibilities, which become attractors to people and evoke or increase their desire to want to change.

FIGURE 2.8 (Continued)

Key subject	Concept summary
	• By nature, a generative image is an emergence phenomenon and tends to evoke so many different meanings – hence it is inappropriate to try to pin down a tight definition. • In the past, some generative images that have had key impact in how the world deals with ecological matters is 'sustainable development' or in the business world 'trust costs less', 'mistakes present too good an opportunity for us not to leverage to speed up our growth', 'brilliance without collaboration leads to...?'. While these sound like nice quotes, they are not as they are the result of deep inquiry and dialogue among group members, often for a substantial period. • When we use dialogic practices to engage the people of a system in conversations that address their own issues, we not only solve the immediate problem, we leave behind a more evolved system, with a greater sense of direction and hopefully of personal connection, and the energy and will to work across previously unbridgeable boundaries. (Holman, 2013) • Two conditions that will lead to a successful dialogic change process: a) having the right question, worded in the right way, can make all the difference in the success or failure; b) having the right mix of people engaged in those conversations, eg from multiple organizational levels, multiple stakeholders, or people from the outside, etc.
The role of OD practitioners	• The role of the Dialogic OD practitioner is more like a process consultant than a facilitator as we are more a convener of process of inquiry – as Schein has said, we do not go into the work context with a predetermined agenda as we do not control the outcome. The outcome will emerge. It is important we do not sweat hard to ensure they give us the outcome we think they should achieve. The difference is that dialogic OD practitioners design some genuine open-ended experiences in which those who participate have control over obtaining the outcome they want, not what we want for them. • Our role as a Dialogic OD practitioner is to set up processes to support members of the community to uncover generative images, stimulate new ideas and voluntarily move towards shift in their choices, decisions and behaviour. • In Dialogic OD, a more critical role OD practitioners have is not to be a facilitator, but to be a 'container' – by first being a designer and planner to set up the conditions for self-generated and self-regulated conversations to take place; and then attending to the interaction of members of the community. Another feature of an effective container is to frame high-quality questions that help members to focus attention and interaction. • The quality of the container is related to the qualities and character of the person that is convening and leading the dialogic change event. The skill of knowing when to hold on to a topic and when to let go, able to read and move with the energy of a group in a non-anxious presence is very important. Bushe (2013) talked about the psychological maturity of the containers and the aim of co-creating the container with the community is very important. • It is important to know that we are part of the reality-making, or meaning-making process; we are not some objective third-party observers, commenting on the work the system is doing. We need to be vigilant about the reality and meaning we bring into the work.

SOURCE Bushe (2013)

FIGURE 2.9   Dialogic theory of change
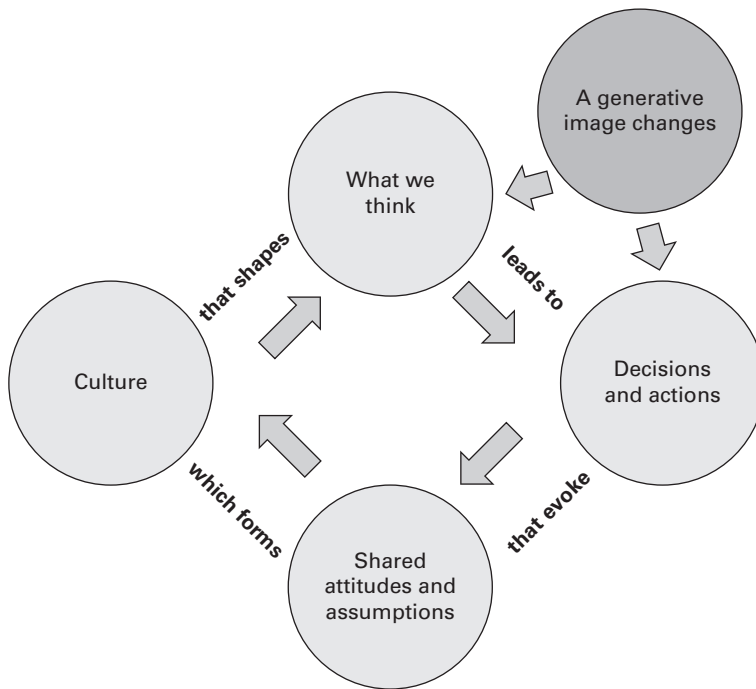
Social Discourse theory

Back in the 2000s the new field of organizational discourse studies emerged (Grant *et al*, 2004). The development of the field is documented in two special issues of *The Journal of Applied Behavioral Science* (Vol 36, No 2, 2000; and Vol 46, No 1, 2010). The authors believed that discourse-based approaches for understanding and managing change dynamics had been relatively underutilized. They wanted to promote the use of recursive discourse in organizational change. According to Marshak *et al* (2015) there are five concepts that are critical to the study of change: discourse, text, context, narrative and conversation.

Discourse is a part of the daily communicative practices that are integral to social interaction and social structure. Discourse therefore plays a central role in constituting reality. Discourse produces rules, identity, context, values and procedures, which in turn determine social practices.

Discourses are embodied in texts, which come in a number of genres (Yates and Orlikowski, 1992) including written documents, speech, acts, pictures and symbols. They in turn get translated into a variety of textual forms, eg narrative, rhetoric, metaphor, humour and irony.

Discourses do not exist or have meaning independent of context, even though they create context. The concept of context is fundamental not incidental; it examines discourse in organizational settings through historical and social context.

Discourse is carried out through many different types of communicative practices, two of which are 'narrative' and 'conversation'. Narratives often convey the prevailing rationales to support change or status quo. Hence changing narratives can be useful to change consciousness, mindsets or social agreement. This can also be done through dialogic inquiry, particularly with people in power, to challenge the intended rationales. Through either conversation or presenting alternative dialogue, individuals can find meaning and resources for action.

Understanding this discursive way of creating meaning will help one to appreciate the discourse-based approach to understanding and working with the practices of organizational change. As Marshak and Grant said, 'the construction of change-related narratives and their communication through conversations are shown to be fundamentally important to the ways in which people think about, describe, and make sense of change' (2011: 228).

In Chapter 9, Social Discourse theory is discussed further as a way to transform behaviour. Figure 2.10 gives a summary of its key conceptual insights.

FIGURE 2.10   Core concepts from Social Discourse theory

Premise	Possible implications
Discourse is constructive: changing the dominant discourse leads to change	• Look at the links between the dominant discourse and behaviour, and ask what narrative, story, metaphor, etc is holding things the way they are • Can alternative discourses be intentionally planned and managed? • How can discourses that are supportive of an intended change be established and maintained?
There are multiple levels of linked discourses influencing change	• How do different levels of discourse influence and inform each other? • Are some levels of discourse more influential than others in general or in certain settings? • Must all levels be changed?
Change narratives are constructed and disseminated via conversation	• Are some types of conversation more influential than others? • Are conversations to establish a change different from those to maintain the status quo? • How might we change those conversations that reinforce those prevailing narratives in the day-to-day conversation?

FIGURE 2.10 (Continued)

Premise	Possible implications
Power processes shape the dominant discourse about change	• Who are the actors who will be most influential on the intended change and how can their discourses and conversations be altered to support the change? • How can power be mobilized to change a dominant discourse?
Alternative discourses exist and may be drawn on	• What are the sources of alternative discourses and how are they sustained despite a dominant discourse? • How can we identify and use alternative discourses that may exist at multiple levels to advance and support our change? • Is there any use in using political processes to suppress counter discourses to our change?
Change discourses emerge from a continuous iterative and recursive process	• How are discourses about change established and maintained during a continuous iterative and recursive process? • Because the discourses related to a desired change will be subject to continuous alteration, how can we stay alert to new opportunities and openings to advance our initiative?

This figure is adapted from Table 1: Questions for Researchers and Change Agents to consider in "Toward a Discourse-centered Understanding of Organisation Change" by David Grant and Robert J Marshak in the Journal of Applied Behavioural Science, 2011, 47: 204

Methodological/practical implications of the theoretical perspectives

The demands, nature and scope of a project will always have a major influence on the diagnostic and intervention methods one selects. However, in both diagnostic and intervention cases, practitioners will also need a solid theoretical grounding to guide their decisions. Otherwise the diagnostic process will risk being guided mainly by the practitioner's own perceptual lens or the client's perceptual lens or, worse, by both. In this section I will illustrate how each theory can support your thinking and decisions in these OD phases.

In Figure 2.11 I demonstrate how each of the theories can help to shape the way a practitioner looks at a problem or issue. It is by the combination of these theoretical insights that you and I can have our curiosity expanded, reaching for a better set of data, but also a more robust data analysis. In reality, OD practitioners seldom rely on a single theory to guide their work: it is the combination of theories that will make the practitioner's work successful.

The brilliant thing about theories is that once they are understood, they can guide the practitioner to do much better design, especially in real time. The applications below are just a few ideas to illustrate how theoretical insights can impact on practitioners' design thinking.

FIGURE 2.11 Different theoretical perspectives: practical implications for the diagnostic phase

Theory	Practical implications for the OD practitioner
Action Research theory	• Involve the people affected by the change so that they become co-investigators into the reasons for change, and participate in analysing the current reality and discussing the future they need to move towards. • Work to increase the amount and quality of inquiry between people so that they can learn from each other and gather a rich mix of data. • Secure a commitment from senior leaders to give some decision-making power to the people involved in collecting the data so that real change can be achieved. • Set up a temporary diagnostic team by using those key individuals who have to support the implementation of the change.
Lewin's change theories	• Pay attention to the group dynamics and the powerful forces within groups. • Plan the mix of people involved in diagnostic events in order to shift these forces and facilitate change. Diagnostic events then become key learning events which will lead to 'unfreezing'. • Work out what messages the change leaders need to use to engender sufficient survival anxiety while also ensuring psychological safety for the people who are being asked to change. • Be clear about the type of 'unfreezing' work that is needed during the diagnostic stage.
Systems theory	• Use mixed groups to achieve a rich understanding of how the change is seen from different perspectives. This helps to generate a holistic view of what must be done to give the organization a secure future. • Use diagnostic events to enhance people's understanding of important interdependencies and to support them in devising a way forward that will help the different sub-systems to work well together in those interdependent areas. • Use processes that will increase collaboration across units and that will honour the primacy of relationship between different groups. • Whenever possible, bring in outside bodies and data to stimulate the organization to think about the issues. • Expose people to the outside world in which the organization lives to ensure they stay externally sensitive and not insulated in their perspective.
Complexity and chaos theories	• Seek to build the five key variables that the complex theorists mentioned as important to help the organization stay agile – connection, diversity, information, power differentials or level of anxiety. Help the system to move towards 'the edge of chaos' so that they will self-organize. • Maximize the internal staff's freedom to do the self-organizing so that they can identify what the appropriate local actions should be. • Minimize hierarchical power plays and ensure everyone is really able to identify where the system needs to change. • Carry out diagnosis at the micro level: pay as much attention to local data as to corporate data.

FIGURE 2.11 (Continued)

Theory	Practical implications for the OD practitioner
Appreciative Inquiry	• Make sure that the subjects/topics/questions of the inquiry are positive. This will enable the organization to focus on the best of the past and figure out what would be best in the future. • Help the organization to identify its 'positive core' – the place from which the change journey can begin and which can be used to maximize progress. • Make sure that the process is holistic, inclusive, highly participatory and collaborative. • Use as many right-brain methodologies as possible to collect data, eg storyboarding, drawing, imagery, poetry, etc. • Use dialogue as the main form of interaction between people rather than focusing on tell and sell.
Dialogical theory	• Bring people together to share stories about their experience of a particular area of work (area of the organization that wants to shift). Collect stories and put the stories into categories, and then bring people back to talk about what they want to change in these stories, and how they will approach changing those areas. • If two functions do not get along, bring representatives together and ask them each to write the narratives they hold of the other's functions. Ask them to share the narratives they hold of each other's functions, the sources of those narratives and the impact of those narratives on the collaboration continuum. The next stage will be mixing the two functions and asking them to build a 'generative image' of new alternatives, which will present new possibilities for them to move towards, and then build actions to achieve these new possibilities.

System theory and Action Research theory: methodological implications

Whenever possible, practitioners should include some of the following features in their intervention design:

• Send a team (preferably a mixed team) to investigate the outside world and bring outside data into the local system (do their own diagnosis).

• Maximize the interface between all those who work within the system and those who are outside, eg those who provide the service and those who receive the service, the funders and the fund recipients, the policy makers and those who are affected by the policy. They should share their perspectives with one another and help each other to get a more complete view of the issue.

• Give the local members an opportunity to interview each other for the specific purpose of expanding understanding of the interdependencies they have with others in the organization, hence how to think and act more as a whole.

• Equip and allocate clear roles to local leaders so that they can lead the change by involving others to work out the finer details of the solutions by sharing data,

information and required outcomes with their staff. Give leaders the right upskilling so that they will be able to conduct 'dialogical' processes with those who are affected by the change to seek their views on options for implementation (best leadership development tactics).

- Use many key people as researchers to investigate the current issues, and design processes to invite them to co-construct with others how the performance in specific areas can be improved.

- Everyone affected by the change should have an opportunity to voice their opinion about the processes and vote for what they want – practise 'distributed leadership'.

- Use whole-system methodology whenever possible – bring together all those who will need to own and support the implementation of the change and design processes to help them to:

  o jointly analyse current reality and what needs to change;

  o generate ideas on how to change;

  o work together to set out implementation;

  o share and understand the need for change.

Lewin's theories (Group Dynamics, Field theory, Three-step Model): methodological implications

Whenever you can, design processes that will contain some of the following features:

- Always work at a group level or sub-group level. Always involve as many groups as possible, because if a group is left alone, it will grow rigid. The job of the intervener is not to shift a group, but to set up processes to enable groups to shift each other through the quality of their interchange.

- Understand and learn how to work around the three issues that affect group dynamics – inclusion, affection and control. Design processes that will give opportunities for delegates to share laughter and warmth, as well as sharing (equalized) control. Work hard at the inclusion issue, whether you are working at individual, interpersonal, group or total system level.

- Pay attention to the 'membership groups' and 'reference groups' that individuals refer themselves to. Attempt to change the reference group prior to the intervention event, because by changing the reference group of those whom we are targeting, we can fast track the change among those groups.

- Create a 'cultural island' experience to enable individuals to experiment with different norms and different ways of doing things. Make sure sufficient numbers of people are involved so that the actual norms will be shifted.

- Never aim for intervening in the whole organization (unless the size is small). Use opinion formers and think of tipping points. Categorize people into different segments. For example: segment 1 – most critical politically; segment 2 – those who are key in the implementation stage; segment 3 – those who are key because of their competences; and so on. Work with each segment to create critical mass.

- Use emergent talents to get to the top leaders, especially if you ask the top leaders to nominate their emerging leaders to support the change intervention.

- Use methodology that will help to build self-induced forces to change by giving people an opportunity to personalize the case of change. Engage them to envision what the change will do for them, their teams and their organization.

- Involve people to become aware of the field in which they function as well as the forces brought about on their behaviour. After the analysis, give them opportunity to ask 'So what?' and 'Now what?'

- Put the whole field together to 'act out' both the restraining and the driving forces – so that the group will gain a better understanding of those forces that influence them and each other. If appropriate, bring in outside 'forces' (eg real clients, partners, supporters, etc) to intercept the strong current field in order to help the group to shift.

- Work hard on creating the three conditions of 'unfreezing' the organization that Schein talked about – disconfirmation of the validity of the status quo, induction of guilt (survival anxiety) and creation of psychological safety.

- Aim to use highly engaged methodology to do data collection as part of 'unfreezing'.

- Involve people to help identify what would be the 'refreezing' mechanism as they pay attention to the field and forces.

Complexity and chaos theories and Social Constructionism theory: methodological implications

Whenever possible, design processes that will contain some of the following features:

- Use dialogical methods, eg the art of focused conversation, to help people make sense of the situation and work with others to come up with possible ideas that would help them to commit to change. Shifting paradigms require a structured way of dialogue and inquiry – not tell and sell.

- Give people a chance to express their view of reality and the meaning they make of the situation from where they sit. Create the opportunity to get local 'micro' group members to participate, to co-construct.

- Use methodology that focuses on energy. Work through people's passion and values and help them to surface and share what matters to them. Use processes to help them care enough to self-organize to make things happen.

- Use human networks to spread the positive 'virus'. Light as many 'fires' as you can in local areas.

- Pay attention to the social aspect of the work situation and how people see their job in terms of social meaning. Satisfaction is related to whom they work for and whom they work alongside.

- Use creative art mediums (theatre, music and storyboarding methods) to tap into the creative side of people and to facilitate a more fluid expression of what is important to them.

- Use powerful language and symbols to create a vision of the change agenda.

- Use positive psychology and strength-based approaches to build interventions.

The methodological implication for HSD and Social Discourse theory will be illustrated in Chapter 9.

Summary

The practice implications for our work from these theoretical insights are huge. First, they help to build a platform for us to do robust design work. They also have given us insight into how individuals, groups and organizations function. When these theories are brought together, their synergistic insights will offer a much broader scope in understanding how to investigate and intervene in the issues that organizations and groups face. It is the mixing of insights from the different theories that make the OD approaches quite magical.

In the diagnostic phase, you can use Systems theory to help you understand where the presenting issues are within the organization, and how they are reinforced by other parts of the system. The totality of the system perspective will alert you as to what else the change leaders need to pay attention to. Social Constructionism theory will help you to understand the meaning-making process of the organization's dominant narrative, and see how you can moderate the type, frequency and quality of social interaction among the members, so that the dominant narrative can be challenged and an alternative one can be put in. Action Research theory can help you to galvanize the involvement of local leaders and members in collecting and analysing the data, and to feed back their own data to their community. This will enable the clients' system to own the decisions and hence be motivated to support the implementation.

During interventions, you can draw on Lewin's various theories for insight into how to moderate the field forces of those groups you will need to change. The Three-step Model also helps you to rethink the sequences of work. The complex chaos theories can help you to stir up the micro groups and set up the conditions to facilitate them to self-organize to make the changes they want to see happen. The HSD approach will, through inquiry, help the members to spot the patterns they would like to shift, and then work on their differences, similarities and quality of exchange to make change happen. Dialogical and Social Discourse theory help us to diagnose the types of text, context, narrative and conversation that constitute reality for the organization. Through the diagnostic data, they can also support the organization to look for alternatives to change the context and the text. The combination of system theories and complexity theories can help you to execute change processes with ease both from planned and emergence approaches.

Further application of these theoretical concepts will come alive in the OD consultancy cycle, Chapters 3 to 6.

Note

1 The content of the section on HSD has been provided by Dr Glenda Eoyang and adapted by Mee-Yan Cheung-Judge.

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Section 2

OD cycle of work

- Chapter 3: The OD cycle: the entry and contracting phase
- Chapter 4: The diagnostic phase
- Chapter 5: The intervention phase
- Chapter 6: The evaluation phase

This section gives an overview of the OD consultancy cycle and its key phases of work. Some may wonder whether in a fast-changing, complex, emergent world such a map is still necessary. In fact, when I mention the OD cycle, I often get the reaction 'Surely you don't believe in these linear steps and stages? Really!' This type of scepticism has increased with the use of Complexity and Chaos theories and Dialogic OD. While I am realistic about how the world has changed and excited about how the field is evolving, there are some original concepts that are still of great value. The OD cycle and its key phases is one of those original concepts that are critical in supporting practitioners to work effectively through the complex dynamics of any consultancy work with clients. The OD cycle is neither a change approach nor an intervention. It is a map that guides any consultant to navigate through a messy, non-linear consulting process and relationships that require continuous adaptation through various iterations as the consultancy relationship and processes evolve.

In Chapter 3 I will take you through an OD cycle map and explain all the components that make up that map, in order to frame the various phases. Then I will cover the area of entry and contracting, for both internal and external consultants. Without entry and contracting, ODPs will have no work. It is important to remember and respect that the client system has its own integrity as an entity before any consultant ever enters. Hence it is important to take the clients as they are without judgement. What ODPs do at the stage of entry, contact and contract will give rise to those conditions that will either help to make the consulting relationship work or not, successful or not. For example, without clear contracting with the right group of

clients, ODPs will have to spend time adjusting their relationship or troubleshooting for the rest of the consultancy journey. Also, if ODPs agree only financial terms without getting the scope of work agreed, then they will be going backwards and forwards to negotiate the flow of work. Without sitting down with the client and spelling out the type of partnership they and the clients need to align the way they work, the consulting performance will be sub-optimal. In the context of a complex and chaotic environment, these two phases form the anchor to guide ODPs to adapt, take risks and support the client in the event they get out of their comfort zone.

In Chapter 4, I will look at the diagnostic phase and explore the OD brand in carrying out this phase of work. Diagnosis is a way to help consultants to find a way to mobilize system members to gauge whether the presenting issues are the real issues, not to mention gaining access to diverse groups for their perspectives, asking how they see these issues described in the commissioning brief from their perspective. The challenge at this phase is to be able to galvanize the system members to undertake their own diagnostic work so that as joint investigators, they will be in a position to not only gather the data, but also to make sense of the data, and in a self-organized way find methods to shift the system. In OD we are committed to using whatever relevant methods we can to support system members in not being passive onlookers in the diagnostic process. Our job, if done well, is to enable the system to reveal itself to itself – because once they discover the data, they are ready to act to achieve improvement of the organization. But this commitment needs to be backed up by ODPs' willingness to let go of the expert role and be content to play the process role or a 'container' role. This default position of ODPs in promoting a joint inquiry spirit among clients is to ensure people can build up their own self-renewal capacity. When well-designed, this phase will also include some initial interventions.

In Chapter 5, we will look at the intervention phase. While the methods and technologies of intervention continue to evolve to catch up with the complex context, the core principles of how interventions are designed remain timeless because of the constancy of human nature. In the chapter, we will look at the many crucial principles and theoretical underpinning behind the design of intervention, which is the rigorous scientific aspect of intervention. Once these principles are grasped, the ODP will experience the wonderful creative generative side of intervention as it unfolds in real time. It is by involving system members to co-construct the design and to co-run some of the more formal interventions that the real capability-building aspect is made to happen. Clients will learn how to work with emergence, how to change tack, how to redesign – 'in the moment' – as the intervention process unfolds during execution. In this way, the self-organized capability of the system will continue to improve as the client works with us. In that way, the client not only learns how to design the intervention, they also learn to work with emerging ideas, paying attention to patterns, and through this process become able to support themselves by having more confidence in knowing how to continue their own sustainable improvement.

The final chapter in this section is on evaluation. As William Bruce Cameron (not Einstein) said, 'Not everything that can be counted counts, and not everything that counts can be counted'. If the evaluation process creates more burdens and generates irrelevant data, then the process will become redundant and obsolete. In OD, the way we carry out evaluation is much more akin to the work of Michael Quinn Patton (2010) who introduced the term 'developmental evaluation' – which is the type of evaluation that informs and supports innovative and adaptive development in complex dynamic environments. Developmental Evaluation is not the same as improvement, accountability or summative judgement in the process. In Developmental Evaluation, the aim is to work collaboratively with the clients, particularly those innovators within the system, to conceptualize, design and test new approaches in an ongoing process of adaptation, which ultimately will lead to longer-term development. Such developmental evaluation requires a sharp evaluative mind, looking critically at what is happening as the change rolls out. This ability to look forward will help evaluation to be seen not just as a historical archiving activity, but a futuristic trending possibility.

It is true that for organizations that receive external funding, the summative evaluation is still important as both parties need to see whether the funding has gone to the right project and achieved the promised outcome. But summative (final) evaluation happens after all has been done already. What OD is interested in is to see that evaluation as an ongoing intervention occurs in a highly uncertain, dynamic and emergent environment. Hence a more important agenda for any evaluative efforts is to help the project to continuously evolve, become increasingly innovative and adaptive so that there is an ongoing developmental outcome in all evaluative steps. Evaluation in that sense is an ongoing process in which the ODP's role is to elicit and stimulate the innovation and adaptation processes by encouraging the system to use real-time and rapid feedback processes to track the implications and results of any specific intervention in the developmental process. In that way, the evaluation process will become a powerful ongoing developmental intervention both for the immediate outcome as well as for changing the behaviour of the system members.

With the pressure on for most internal OD practitioners to prove the worth of any OD intervention, it is important for OD practitioners to take evaluation seriously, but it is important to treat this phase of the OD cycle not as an end state but an evolving developmental state.

03

Theories and practices of OD: the OD cycle and the entry and contracting phase

In Chapter 2, I outlined how the OD consultancy cycle is one of five key building blocks in our practice. It is a protocol to guide ODPs through how you should manage the helping processes – from the moment you are called in to help to establish the issues, through to intervention, evaluation and exit. The OD cycle reminds you of the key actions you need to undertake in order to keep the process as intact as possible. Based on Action Research theory, the OD cycle is an iterative process in which the cyclical nature of it will mean you revisit the same phase at various times. In a field where it is not our content expertise but rather the practice and process of OD that makes a unique contribution to an organization, the process protocol is an important navigational tool or map. Burke, French and Bell, and others have written brilliant chapters about the OD cycle. This chapter will, in a simpler way, point you to the core practice and processes of OD and to give practical tips on how to implement them in organizations.

This chapter covers three areas:

1 an overview of the OD consultancy cycle;

2 phase one: entry – initial contact;

3 phase two: contracting.

Chapters 4 to 6 will cover the diagnostic, intervention and evaluation phases in greater detail.

Overview of the OD consultancy cycle – six key components

Back in 1993, a number of newcomers to OD at an NTL learning programme asked their trainers to sum up what OD practitioners do, what skills they need and how

everything in OD fits together. The trainers worked overnight to produce the first version of a map of OD – what to know and what to do (see Figure 3.1). Since then, this map has been revised many times and the version given here is from Tschudy (2006). The map is critical to understanding what OD practitioners actually do, so I will go through each of the six components before discussing the OD cycle in an integrated way.

Core theories

OD practices are heavily sourced from different theories (see Chapter 2) as well as different disciplines in behavioural science. They all offer ODPs diverse and rich perspectives on what to look for during the diagnostic phase as well as what types of interventions you can put together to move the human system towards the desired change goal.

Values and ethics

OD practices are guided by the practitioner's values. The range of OD's values and ethics arose out of a number of powerful movements in the 1940s and 1950s including human relations, human potential, equality and diversity, and social participation (clients' rights, citizens' rights). These values anchor our practice, particularly those values that guide our design work as well as the choice of what approaches we should use to support change. OD values are an indispensable container to a range of practices (see Chapter 1).

The 'big I' intervention

This is a central plank of Organization Development. OD practitioners focus heavily on building relationships of trust, authenticity, transparency and mutuality with their clients. It is this use of self, from the moment we meet with the client to the closing of our relationship, that holds the consultancy process together. This requires OD practitioners to look inside themselves and examine what they bring to the helping relationship: to identify what will enhance the relationship and what might derail it. The focus on building the relationship is to 'earn our right to help' – so that we can be trusted enough not only to be able to be facilitative, but also evocative, or provocative to the clients when the situation requires us to be that (Chapter 10).

OD phases

The OD consultancy cycle contains eight phases, which the Gestalt colleagues called 'units of work'. They are based on the cornerstone of Action Research: applying

FIGURE 3.1 OD: A map of what to know and what to do

Core Theories

- Action Research
- Systems theory
- Change theory
- Supplementary theories

Values
Ethics
Practice theories

'Big I' intervention (consultant–client system interaction)
What? Where? When? Who? How?

OD phases	Entry/contacting	Data collection	Data analysis	Feedback	Action planning	Action taking	Evaluation	Termination
Consultation tasks	Initial contract	Prepare for data collection	Analyse data	Plan feedback	Assess problems/gaps/ opportunities	Carry out action plan(s)	Review goals	Assess need to continue
	Define Problem/need/client	Collect data	Prepare report/ summary	Produce feedback materials	Prioritize opportunities	INTERVENTIONS (SMALL 'I') Individual	Assess progress	Decide to end
	Explore readiness for change			Do feedback	Plan actions	Interpersonal Group	ID new learnings	Phase out
	Agree on contract outcomes			Provide frameworks		Intergroup Organization	Redirect (as needed)	Stay open to be
	Who, what, when, where			Diagnosis and planning		Organization-env Global		called

Competencies	Communicate	Constructing questions	**Knowing concepts & theories**	Giving and receiving feedback	Using theory and concepts	**Managing conflict Managing diversity**	Understanding evaluation methods	Bringing closure
	Listen	Interviewing	**Group dynamics Systems theory**		Identifying system leverage points	**Managing resistance Training**		
	Negotiate	Observation	**Change theory** Identifying themes		Knowing small I interventions	**Managing transitions Learning theory**	Connecting outcomes and objectives	
			Summarizing					

Use of self

Awareness · *Integration of mind/body* · Self as rational/intuitive instrument · Self as empathic evocative provocative · Ethics Values Insight Multiple frames · Authentic commitment Nonreactive presence · *Self-learning Risk* · *Environment*

Tschudy (2006)
NTL Handbook of Organization Development and Change

rigorous scientific methods of fact-finding and experimentation to practical problems and issues within organizations:

- entry/initial contact; contracting;
- data collection;
- data analysis;
- data feedback;
- action planning;
- action taking;
- evaluation;
- termination.

Though the OD consultancy cycle may look, on the surface, like any other consultancy cycles in the marketplace, the eight phases of the OD cycle are there to help both the practitioner and the client to navigate through their work, together with the commitment to:

- achieving mutual understanding of the issues through data collection;
- collaboration between the consultant and the people in the organization in working together through data analysis and data feedback;
- resolving issues by upping the system members' capability and their knowledge and understanding of the system to decide what is the best way forward in action planning/design and execution of interventions;
- increasing the insights and capability of the system members throughout the various phases so that the system will not only get engagement and commitment towards the change but also be able to sustain itself.

OD practitioners always involve leaders and other members within an organization to help to define the issues, collect and analyse data, and feed back the data to the various stakeholders in order to do joint planning of the necessary actions. These processes are repeated as many times as necessary until all the major issues have been surfaced and resolved. So what will make an OD practitioner stand out is their commitment, via the OD consultancy cycle, to increase the involvement of the system members to achieve sustainable results.

Finally, it is important not to treat the OD consultancy cycle as a series of steps. Instead, they should be seen as phases that are cyclical and organic rather than linear. For example, if it becomes clear during the data collection phase that the organization needs a different outcome – one that neither you nor the client have thought of – you have to go back and revisit the contract with the client. If you have planned and run an intervention and find that it did not go as intended, you have to go back

to the drawing board with the client, revisit the data and re-plan another appropriate intervention. If you carry out a midway evaluation and become aware of new areas that need focus, then revisit the scope of the contract, re-examine the data and rework what the change outcomes need to be and what change processes will get you there. In that sense the OD cycle is a dynamic instrument, with feedback from every phase to correct the consulting process in order to help both parties to play their part to support the change processes.

Competencies

In order to carry out the different OD phases and sub-tasks, OD practitioners need to demonstrate a core set of competencies at a high level. They need to take OD education and development seriously and the field needs to enforce more rigorous standards in the training of OD practitioners. You will notice the list of competencies in Figure 3.1 is a mix of technical and process, hard and soft skills. This subject will be explored further in Chapter 10.

The use of self

This is the basis of the 'big I' intervention – the use of the OD practitioner's key instrument, yourself. During each phase you use your awareness, your rational, intuitive self, your empathic/evocative/provocative self to help the client to shift. You will cultivate your non-reactive presence and commitment to the client in order to create a safe environment that will support the client in examining his/her situation from different angles and through different lenses. It is your ability to take risks in intervening and your skill in straight-talking based on your own values and ethics that will enable you to do the 'big I' intervention. It is the self that provides the reliable engine to drive the OD process. We will explore this key area in OD in Chapter 10.

The leveraging of the six key components of the OD cycle bring alive the dynamic aspects of the OD consultancy process. In navigating through these eight phases of the OD cycle, the ODP needs to have a strong theory background, a clarity of his/her own values anchor, and sufficient competencies to navigate and achieve those consultancy tasks. During this process, it is most important that the ODP use themselves and their commitment to the relationship to earn the right to help, to evoke and provoke the clients, so that by the time they leave the client system, they have helped the client to achieve their consultancy commission. In many senses, this OD consultancy map becomes a guide for development of ODPs if they can learn to make use of the 'big I'.

In the following two sections, I will review the first two phases of the cycle – entry and contracting.

Phase one: entry – initial contact

This is an important phase of our work. Put simply, without contact there will not be entry, without entry there will not be a commission, without a commission, there will not be any contract of work. Also, how we manage this phase will set the tone of the relationship you aim to build with your client and create a platform for your diagnostic and intervention work.

So how do you go about making first contact? Whether you are internal or external, most probably you would like your clients to come to you directly and ask for your help because they have heard how good you are. Like any normal human being,

FIGURE 3.2 Summary of tasks and skills for the entry – initial contact phase

Tasks	OD practitioner skills
- Make initial contact. - Communicate who you are and find out who the client is. - Support the client in defining their issues, problems, needs. - Explore different stakeholders' perspectives on the issues outlined in the original contact – help clients to explore multiple perspectives. - Carry out an initial assessment of who is in the client's constellation (how many others will impact on the process and will have a view about the change programme). - Explore the client's readiness to move on the issues stated. - Explore the capabilities of the organization and the level of resources available to support the changes. - Explore the outcomes that the different stakeholders want. - Get a feel for the organization's context and culture and the types of forces operating within its environment.	- Effective communication skills – both inquiry and deep listening skills to help the client diagnose their own situation. - Ability to remain strategic and analytical – so as to be able to scope out the issues. - Political skills – ability to tune in to the organization's politics – to help the client explore the different stakeholders' perspectives on the issues without them being present. - Ability to remain pragmatic and assess the organization's ability to undertake the change programme, the time that people have to invest in it, financial resources, and readiness. - Ability to remain connected with your own intuitive feelings about the client and the organization. - Ability to plan out the project – size, length, scale – and to clearly play it back to the client. - Ability to make an impact and to win trust. - Ability to call upon a range of theoretical frameworks in order to make a quick assessment of the issues. - Good interpersonal and relationship-building skills and ability to win trust.

you want to be wanted, but reality is not like this. Mainly because often those who you are supposed to serve:

- are so busy and occupied that you are not even on their radar screen;
- do not know enough about OD that they would come to seek your help;
- have assumptions of what HR as a function can do or can't do, and if OD sits under HR, that assumption will be automatically transferred to you.

So, in reality, most of you will need to do a lot more to orchestrate the initial contact.

A note for internal OD practitioners

The first thing you need to do is accept that you are operating in a political environment and therefore you have to build a strong position of influence within a relatively short time. People who are viewed as coming from a 'support function' seldom have power offered to them on a silver platter. Yet without power (impact, credibility or influence) it is hard to play an effective OD role.

It is important that if you fail to achieve 'entry' to your organization, you do not turn around and blame the organization for not finding you a sponsor. What you need to do instead is to figure out what the organization needs and how you can demonstrate the value you can add. It is important for you to remember that making contact, gaining entry and a contract is your job. The following five steps may help you to get going, especially if you are a new entry to the organization.

First, work out the critical stakeholders surrounding the OD function, and their view of OD. Some people will fall into two or more of these categories:

- the people who hired you;
- the people to whom you are supposed to provide a service and to support – generally the senior line leaders who are leading change;
- potential sponsors – those who will speak on behalf of the OD agenda at board level;
- the people who have the financial resources to fund the OD programme;
- the people who you report to;
- important colleagues and strategic alliances on the same level as you, especially those who already have direct access to decision makers, eg strategists, senior HR partners in core functions, etc.

Second, find someone within the organization to mentor you and to take you through the complex political terrain in which these various stakeholders sit, what challenges your stakeholders face at work, and the expectations they may have of you and of OD. This will help you to align your service to their needs.

Mapping the key political players in the organization will help to make up the first list of people whom you need to contact. It is important that you do not sit in the safety of the HR/LD/OD enclave hoping that people will find out what you are offering and come and track you down.

Third, make half-hour appointments to visit all these key political players. Why half an hour? Because offering a short appointment increases the likelihood of them agreeing to meet you. You need to plan each meeting carefully using the knowledge you have gleaned about the person – their role, work priorities and working style. Gather as much data as possible about the division they lead prior to the meeting, eg the staff survey data, the customers' satisfaction index, their ranking in the corporate performance index, whether they have had critical incidents that impacted on their performance, etc. During this appointment, plan to cover the following things (not necessarily in this order):

- **Introduce yourself**. Plan how you will introduce yourself based on what you know about the person you will be meeting up with. For example, with a leader who is more ISTJ (in the Myers–Briggs Type Indicator for personality), the best approach may be to focus on facts, your track record, evaluations and metrics of past projects, etc. With a leader who is more ENFP you may want to talk more about your passions, your experiences and the things you are excited to be working on. People need to know enough about you to decide whether they can be open with you about their problems. Make sure your introduction only takes a few minutes. Too long would be inappropriate at this stage. It may be a good idea to script your introduction so that you get the balance right. Often, it is also important to invite the leaders to share something about themselves before you introduce yourself.

- **Find out about their work agenda and priorities as well as the crucial issues in their part of the organization**. Ask about their leadership vision, main organizational and business agendas, how they manage the interfaces between their division and other divisions – and if appropriate probe gently about the issues that are of most concern to them (whether there is anything that makes them lose sleep at night!). Show them that you are a good listener and that your insights are sharp by playing back to them the key themes in what they have disclosed. If it is appropriate, share the extra data you have gleaned for this meeting.

- **Find out about them**. Go into this meeting with a few questions that will signal to the person that you are interested in who they are. Good personal questions may include: 'How would you describe your career journey?', 'What gives you the biggest buzz in your job?' and 'What is the moment that you are most proud of in your career?' It is important to use strength-based questions so they can experience the affirmative way in which you work. (As mentioned, this could also go to the beginning of the meeting.)

- **Explore how you can add value to their agenda**. After they have shared their work challenges and priorities, ask them whether there are areas where you and your colleagues can be of help to them. Be prepared to offer some specific ways in which you can support them – something you prepared after gathering intelligence from others, if they don't come up with anything. You may want to mention your previous projects or experience to give them an idea of what can be done for them. Ask if you can come back to them either via email or another appointment so that you can share ideas about how you can be of help to them.

- **Inform them briefly about OD and its value to business**. If the opportunity arises, share with them something you have prepared on OD and the OD approach. It will be good to summarize what the OD function does, what OD is and how OD can be of value to leaders, or a big system framework, etc, on a couple of pages and carry them with you. You can also offer to send them other material depending on what you have discussed. This is what I call the 'five-minute teaching moment on OD'.

From experience, you know that conversations never flow tidily, so it is important that you go with *their* flow in order to build initial rapport and create a positive impression. This prepares the ground for you to be invited to work in the person's area later.

Fourth, write to each person after your visit. Type up the key points from your conversation and give specific proposals as to how you could support them in their journey. Consider offering them a 'taster' so that they can assess the type of support you offer. But it is important to stay specific about what you are proposing. This can open the door for them to call on you later, preferably for a larger job.

Fifth, once you have visited all the stakeholders, spend a good chunk of time mapping out all the needs you have gathered from your visits. Using the information you have gathered from your pre-visit research and the information you have gathered during the meeting about the organization (its strategic priorities, crucial information you have gathered from external regulators, competitors, etc) you are now ready to formulate your first draft OD plan. You will take this to your boss and other key stakeholders, eg partners and sponsors, to get feedback and hopefully agree an overall contract of who and what you should focus on and what the top OD priorities are for you. While this version is only in draft form and may need major revision, at least you are initiating an official plan of work demonstrating how you can start working your OD magic for the organization, together with draft evaluative criteria. In that way, you are starting to build a reputation for yourself of being proactive, client focused and result oriented.

One of the challenges that internal practitioners face is that you cannot play the market. You do not have the luxury of choosing who you will work for and whose request for work you will turn away. Hence, there is a greater need for internal consultants to exercise self-management and patience to work with clients that they may not warm to or like. So evaluative questions about the clients, eg 'Do I like the

client? Do I think we can work well together?' and 'What do I feel after our meeting – annoyance, frustration or excitement?' may not lead to the possibility of dropping the client, especially as your OD commitment is to support major players regardless of how you feel, in service of the system as a whole. The side benefit of this challenge is to have the opportunity to accelerate your development of 'self as instrument'. You have to pay attention to your inner reactions to people as well as challenge yourself to take value-alignment work seriously. By that, I mean live out the values you espouse. The deep learning curve you put yourself in will then help you to sharpen how you manage yourself and continue to develop and refine yourself as an instrument of change. Also, many of the external practitioners can ask those questions but often they are not in a position to turn away the work especially if the work is impactful and interesting.

A note for external OD practitioners

External consultants almost always gain entry to an organization as a result of a potential client making an invitation to tender or via a referral. For a substantial project, they gain entry through public bidding processes. Regardless of how an external consultant enters into the system, they still need to go through most of the initial contact steps outlined for the internal practitioners. The list includes: the stakeholders need to be identified by you and your client, and they need to be visited; the commission needs to be clear; commitment among different groups within the systems need to be generated. External practitioners often fail to make a proactive plan to contact a wide range of people outside your immediate client group because of the cost issue. But in many cases the deployment of the internal agents will be an important alternative, as without incurring extra cost, you can – through your orchestration of the internal team – still obtain robust data to help shape the change agenda and direction. Your tactics need to be versatile, bearing in mind the cost implications.

How many people you need to contact depends on the project budget and on how savvy your own client is at networking. With a well-connected client you can quickly create a political map and move on to contacting as many key stakeholders as possible. But if your client does not have good established connections within the organization, you need to encourage him/her to recruit other colleagues who are in the know to obtain the data and commitment for the project needs.

A word about budget – if the project budget cannot stretch enough for you to do the contact work, you need to expand your internal change agent network to do the work, or suggest a reduced rate for you to do what you think is important.

The entry and re-entry should be thought of simultaneously, but I just want to share the importance of what to do after the change project is finished.

When a project is finished but it is clear that ongoing maintenance work will be needed, external consultants need to find a way to make sure that they can continue to make contact with clients and maintain relationships (this also applies to internal people).

Here are some ways to do this:

- Phone or visit each client about six months after you have completed the project. It is a good idea to build this post-project visit (preferably at no cost to the client) into your formal contract. Such a visit enables you to monitor progress, to encourage the client organization to continue the evaluation process and so assess the longer-term impact of the project, and to find out whether there are new developments that they should pay attention to. Whether you get more work from this contact does not matter as long as you have affirmed the relationship and left the client feeling that talking to you has been useful and has helped them gain further clarity.

- Invite your key clients for a breakfast or after-work session in which you talk about a subject that you know they are struggling with. Use the session to stimulate their thinking as well as to help them to connect with each other. This contact will help you find out the challenges each of them is facing. If, after the session, you can see how you can help any of them, you may want to contact those individuals directly to propose a piece of work.

- When you read an interesting article that you think may be of interest to some of your clients, send them a copy and tell them which bit of the article made you think of them.

- When you really need more work, ask your clients directly for a referral. Many clients, if they like and value the work you have done for them, will have no problem recommending you to others.

If you get more work from any of the above initiatives, that is good news. But it's important not to be too invested in getting more work by these means. The key objective is to maintain these relationships in which you have invested, to show good will and to fulfil your post contract care.

Phase two: contracting

OD practitioners need to have answers to three questions in order to construct a good contract:

- Who is my client?
- What is this job about? What are the tasks, the deliverables, the scope, the methods and the metrics that will indicate success (task contract)?
- What type of relationship contract do I want and need to have with my key client(s) to ensure the success of the project (relationship contract)?

Who is my client?

This is a complex question and often there are no obvious answers in the beginning. Do you have one client, or a constellation of clients? If the latter, how do you draw up the contract? Practitioners often regard the person who invited them in as the chief client to whom they are accountable. The reality is who you are accountable to is often much more complicated than that.

To begin with, there are at least four types of clients with whom you may need to engage and whom you need to consider when creating a contract:

- Principal client – the person with whom you have the primary contact and who explicitly tells you that you are accountable to (vs liaising with) him/her.

- Contact and liaison client – this person is there to support the external consultant by providing various services, eg setting up meetings, arranging events, getting logistical and technical aspects of the work done. This does not need to be an administrative person; this can be your middle or senior client whose administrative team are asked to support you.

- Shadow clients – all those people who surround the principal client (either colleagues of your principal client or senior leaders above your client), to whom s/he must defer for critical decisions, and who also affect the principal client's 'psychological field'. Shadow clients often have more influence on the consultation than the principal client.

- Peripheral clients – any individual or group or sub-group that has an impact on the project and with whom you need to have contact, or in certain circumstances need to be invited to get involved.

- Stakeholder constellations – including people who may be impacted by the project and who may therefore choose to intervene.

(adapted from Massarik and Pei-Carpenter NTL Institute material)

To create the right contract, it is essential at the very beginning to find out how the principal client perceives the situation, what problems s/he thinks need to be sorted out, his/her personal vision of the project, and who s/he thinks can help the change and the organization. Helping the principal client to understand the complex client constellation is the first piece of system theory input that you may need to do. In doing so, hopefully you will also be able to help the principal client to get in touch with his/her own internal feelings about the client constellation – eg their sense of psychological safety, their special personal connection with a specific person or group, the needs s/he has in getting recognition, etc.

It is important to pay attention to the fact that agreeing a contract with your principal client that is based only on his/her view of the situation may land the project in trouble. It is important to ask yourself whether you have sufficient under- standing of the complex relationships between the different stakeholders as well as

FIGURE 3.3 Summary of tasks and skills for the contracting phase

Tasks	OD practitioner skills
• Identify and confirm the relevant client constellations for this project. • Get clarity from the different parties about the purpose and deliverables of the project. • Have an initial discussion on the options for evaluation and metrics. • Agree on the types of issues that the client is responsible for dealing with. • Agree on the type of issues that the consultant is responsible for dealing with. • Agree the scope (dates and budget) of the project. • Agree the internal liaison person who will administer the project. • Agree on governance: to whom is the consultant accountable? How often does the person or committee overseeing the project want meetings and reports? (The contract often contains an Excel sheet on timeline, phases, milestones, etc.) • Agree how you and your client will work as partners: agree what should be in the relational contract, eg how often to meet and how to feed back to each other. • For external practitioners agree the payment schedule and other formal legal matters, eg copyright, before drawing up the formal contract for both parties to sign.	• Ability to use a system approach to analyse the client constellations and to get access to different people for information without appearing to be demanding. • Understanding of the evaluation method, ability to guide clients in converting their deliverables to metrics (the client needs to be able to set up the evaluation process and metrics with you). • Ability to read the 'emotional' data of how different clients feel about the project. • Ability to communicate clearly in order to manage the boundaries between practitioner and client and to establish who is responsible for what. • Understanding of the importance of governance and accountability processes. • Good project management skills – ability to translate the project scope into a project plan with timelines, milestones, etc. • Basic financial management skills to help the client formulate the budget and calculate the resources required. • Ability to build trust with the different client individuals and groups in the organization. • Ability to coach on the spot as needed. • Ability to set up major milestones along the way and know-how to track the delivery of such milestones.

their perspectives on the change objectives before you sign a contract. Lacking a clear, systematic grasp of the situation may cause major problems later on. This concept of who the client is and what work you will need to do with them in contracting is described by Argyris (1970) in his definition of intervention and in Burke's (1997) definition of the OD client:

> To intervene is to enter into an ongoing system of relationships, to come between or among persons, groups, or objects for the purpose of helping them.

> I believe that our client in OD consultation is never one individual, regardless of position or role, or any particular group, team or subsystem of the organization, or

any combination thereof... The truth is that I have come to think of my client as the relationship and/or interface between individuals and units within and related to the system... this in-between-ness is the main subject of my consulting... I am focusing on the perspective of defining the client as relationships and interfaces rather than individuals and units.

What both Argyris and Burke are warning us of is that there will always be more than one client, and navigating through the political terrain will be important for the sake of getting accurate perspectives on the work.

What are the practical ways to create a contract in a complex client system? First, work with the principal client on the issues that s/he is charged with sorting out – eg outcome, targeted group, type of methodology s/he is considering, evaluation metrics – and the political terrain in which the different stakeholders sit. Then ask the client how the other stakeholders would see what you and they have discussed. At that point the principal client often becomes aware that s/he alone does not have sufficient data to draw up a substantive contract and hopefully will suggest that circling back to other stakeholders will be necessary in order to check out the content of the contract. Second, if time is an issue, I would handle this situation by 'chunking' the contract, contracting one step at a time with the full intention of bringing in the client constellation for the second stage of contracting, eg undertaking diagnosis.

It is important not to make the principal client feel that you are devaluing their perception, but to help him/her understand that your role is to expand their perception about who needs to get involved in order for them not only to be able to obtain a wider perspective before agreeing on the final aims of the project, but also to ensure they would not be accused later on of forgetting some key individuals/groups' perspective. If the above is not doable because of timescale and access to those individuals, then it may be better for your initial contract to cover only the first phase of diagnostic work with a clear specification that a review of the contract will take place once you have analysed the diagnostic data together. This ensures that you enter into the main contract with a surer footing. Some of you may feel this is a risk as you have not signed the full contract. But the risk of entering into a full contract without the full picture will also be high. There is not a right or wrong way of handling this. It just requires a degree of discernment when you do the contracting stage of the work.

What is a task-based contract?

This is the formal agreement between client and practitioner that outlines what the job is about: the core tasks, deliverables, scope, methods, timelines and the metrics that will demonstrate that the project has been carried out successfully.

The task-based contract can have two sections: the first is a commercial document outlining all the legal, regulatory and liability issues, and including the total cost of the OD project and the payment schedule; the second is a working document that the procurement department will see as supplementary but that will in fact be the main document to which you will refer throughout the life of the project.

The working document is likely to contain the following elements:

1 the nature of the consultancy task;

2 the deliverables and the desired outcomes;

3 the options for methods you will use to collect data (the diagnostic process);

4 the options for methods you will use to help to achieve the desired outcomes;

5 the resources the organization is committed to putting into the project;

6 your role, the role of the internal change team, etc, and how each party will contribute towards getting the work done;

7 how evaluation and monitoring work will be done; specifically how evaluation will be conducted, by whom, when and based on what metrics;

8 the cost of the contract and the invoice/payment schedule.

A note about methods: sometimes it will be impossible for methods to be determined at such an early stage, hence 'options for'.

What is a relationship contract?

A relationship contract is about how you will manage your relationship with your client system while doing the work. In OD it is just as important to be absolutely clear about the relationship aspects of the work as it is on how the tasks are to be done. The relationship contract covers the collaborative aspects of the work: how you and the client will work together to discover, learn and act to bring about the desired changes, and when 'trouble' emerges, what needs to happen in order for you and the clients to do joined-up troubleshooting. Finally, how you will handle the feedback system to ensure valid data will get fed back to the right parties.

Weisbord (1973: 108) summarizes the importance of having two types of contracts – the 'task-based' contract and the 'relationship' contract – to ensure a successful project.

> What do I mean by contract? I mean an explicit exchange of expectations, part dialogue, part written document, which clarifies for consultant and client three critical areas:
>
> 1 what each expects to get from the relationship;
> 2 how much time each will invest, when, and at what cost;
> 3 the ground rules under which the parties will operate.

One approach is to use ground rules that spell out the relationship you expect and the important aspects to which both parties need to pay attention to make the relationship work effectively. Examples of what each party expects of the other may include:

- how to keep each other informed of what goes on during the journey;
- how to give feedback to each other;
- how to evaluate interventions;
- what you will do if you get conflicting instructions from shadow clients;
- how to work together with the change team – to ensure there are clear boundaries between different governing parties;
- how much time each party expects to put into the project in what roles;
- how frequently you should meet or talk on the phone to ensure that you jointly give the project enough support;
- what type of coaching and capability upskilling the client would appreciate from you during the change project;
- in a high-risk project, what conditions would lead either side to end the contract.

A note about 'how': in the relationship contract, the word 'how' means the processes you and the client will use to achieve that area of agreement.

Sometimes, during the process of drawing up the ground rules, your gut instincts may tell you whether the relationship will work or not and therefore whether the contract is doable or not. It is important to listen to these gut messages and to be honest with yourself as well as with the client. You may want to share your doubts and explain clearly why you have them. You may want to help the client reconsider the way the change project has been approached and what changes are needed to ensure that the project is doable. If not, consider chunking the contract – to do one phase at a time with no further commitment. Most clients would like this as it carries less risk for a relationship about which both sides have doubts. But it is important for you to ensure that whatever chunk you will be doing, it has added value for the client.

The contract as an iterative process

Finally, the contract should *not* be a 'once and for all' document that nobody looks at again until the project has been completed. The best way to think about contracting is as an iterative process. Weisbord (2006) reminds us that 'contracting is like the seasons – repetitive and continually renewable'. In his view, if we have a long-term contract, we should also have a separate contract for each meeting; if we have a contract with the boss to support his/her division, we also need to extend that and

create another contract with the teams before we start work. If something comes up from one of the interventions that leads to another intervention, we should do a temporary contract with the key groups involved. In other words, the contracting process is never ending. We need to ask ourselves constantly, in each encounter with a group, an individual or the whole system, 'Am I clear about what I am doing now? What are my aims? Do I have enough data to proceed?'

Summary

OD exists to build organizational effectiveness through the relationship between practitioner and client. This relationship is based on an Action Research protocol or the OD consultancy cycle: there are eight phases or eight distinct but interwoven 'units of work' that will ensure the two-pronged goals of OD can be achieved.

All OD relationships begin with the initial contact between client and practitioner. Whatever form that takes, important dynamics take place instantly, which will lead to early questions from the client such as 'Can I trust this person? Will s/he be able to help me? Has s/he managed to grasp the issues I presented so far? Does s/he have sufficient experience to handle a job like this?' Because of these dynamics, it is important that the practitioner takes these early encounters seriously, is aware of the tasks and skills required in this initial contact phase and shows up prepared. The next chapter outlines some of the things practitioners can do to ensure they can emerge from the initial contact with good prospects of continuing to the entry phase.

When contact leads to successful entry, contracting is the natural next stage. One of the most critical phases of OD process work, this is when you and the client jointly agree the scope and the nature of the work as well as how you want the work done. It is important to remember in OD contracting that the client is the central figure but there may be four other 'client types' apart from the principal client with whom you have to engage. You will need to use the contracting process not only to pin down the content issues but also to pin down the form of collaborative relationship bearing in mind who is in the client constellation as you clarify what they really want out of the project. If you do this part well, you help the client to pick up the skills to do more to help their organization in the future. This part of the contract negotiation should be a model of your value and helping behaviour.

Contracting is repetitive and continually renewable. As you employ the Action Research framework and gather data that broadens both your client's and your own understanding of the issues, you will need to revisit the contract. It is this learning attitude that keeps the OD contract a dynamic and 'live' document. Remember to do a relationship contract as well as a task contract.

Having begun the contracting phase, you are now ready to move on to establishing what data you need and how to collect it.

04

Theories and practices of OD: the diagnostic phase

Diagnosis covers four of the phases in the OD consultancy cycle: data collection, data analysis, data feedback and action planning (see Figure 3.1 in Chapter 3). It is a vital phase in any change and development programme for the following reasons:

- Without proper understanding of the nature of the situation and the issues involved, any planned intervention will miss more than it will hit.
- The person or the group that initiates the programme tends to have a view about the issues from their professional, divisional and personal perspective. So the data they offer, while it may be valid from their perspective, is seldom fully representative of the whole system.
- You, the consultant, will also have a view about the issues from the type of portfolio history you have had and the sector with which you are most familiar. This, together with who you are, your values and your mental models, will colour your perspective, so some safeguards are needed to prevent all of the above from shaping your diagnosis of the change process.
- The diagnostic activities set the stage to shift people's view of the issues at hand; therefore, what you look for and how you look will either set the organization in motion or entrench it deeper in its old ways. Since diagnosis is itself an intervention activity, designing the right process will help to set the pace of change in the next phase.

In this chapter I will cover the following areas:

1 What is diagnosis in OD? What are the wider aims for the diagnostic process?
2 Summary of the tasks and skills required for the diagnostic process.
3 Political considerations in managing the diagnostic phase.
4 An outline of the different kinds of data you may need.

5 Data collection methods – how to ensure that the data collection process achieves its aims.

6 Data analysis – how to join different data together.

7 Data feedback and action planning phase.

What is diagnosis in OD? What are the wider aims for the diagnostic process?

Julie Nolan offers a comprehensive definition of diagnosis:

> Organization diagnosis is a collaborative process between organization members and the OD practitioner to collect relevant information, organize it, and feed the data back to the client system in such a way as to build commitment, energy, and direction for action planning... organization diagnosis determines 'what is' and 'what could be'; it seeks ways to bridge the gap... it forms the basis for determining subsequent interventions.
>
> (Nolan, 2006: 193)

The **primary aim** of diagnosis is to gather sufficient, robust and representative data that will give both the organization and you not only a clearer picture of how to proceed but also a strong base for decisions about what to do in the intervention phase. If this diagnostic phase is well planned, the process will help you to gain momentum to achieve the change objectives more quickly. Therefore, it is important to bear in mind the wider aims of diagnosis as you set up your process. They are:

- Focus on how people will react during the diagnostic phase. In all OD diagnostic processes you need to focus on how people react to the diagnostic process itself. Burke once suggested that diagnosis is like a child throwing a rock into a pond. Our job as OD practitioners is to watch the ripples that the rock has created as well as where the rock ends up. The ripples may offer some unexpected data that may require early adjustment of the contract.

- In the diagnostic stage, one must secure engagement from various people for greater ownership of the change agenda. The whole diagnostic process must be designed to gain the engagement and involvement of those key stakeholders (individuals and groups) whose support at the implementation stage is essential to the success of the project. However, to gain their commitment, a sense-making journey must be designed, relevant data must be offered to them to ponder and act upon, diverse views must be brought to the surface, and people must be helped to voluntarily re-examine their own mental models, so that common ground can be found. It is preparing these various groups to find collective and implementable

solutions that is critical in the diagnostic stage. At the end of the diagnostic process, we know it has been successful if people feel more engaged with the change agenda and are ready to move towards the next stage with greater ownership and commitment.

- Connect the system to itself. The diagnostic process should also aim to increase the connectivity between different stakeholders so that diverse views within the organization will be exchanged. Hopefully, through a meaningful dialogical process, members from different parts of the organization will get to know each other, be willing to work together on real issues, and in the process get to know and respect each other's views in a power equalization process. When all the voices from different parts of the system are heard, people will begin to see beyond their part to the whole.

One of the major challenges in the diagnosis phase is to avoid letting your own perceptual lens and those of the clients contaminate the data. By that I mean all OD practitioners and all leaders have some implicit if not explicit models in their heads when they inquire into the state of the organization. These lenses are often over-looked because they usually operate subconsciously. Like any 'filters', they give prominence to some data and less weight to other data, or lead to distortions of which the practitioners or the organization may be unaware. Since these perceptual lenses (based on history, background, paradigm, personal needs, etc) occur natu-rally, it is hard to avoid them. However, it is possible to limit their impact on data by: a) using multiple stakeholders' perspectives, deliberately surfacing diversity in order to hear the 'balanced' view; and b) using some kind of diagnostic model to collect data. The diagnostic models are especially useful to minimize both your own and your client's bias, as well as to guide the sense-making process of the data among other groups.

There are many diagnostic frameworks around – they all aim to do different things. Some instruments and frameworks exist to look at individual and team func-tioning; some look only at the health of a team or work group. Other frameworks mainly aim to help the organization to map out its existing culture; others look at the strength of partnership relationships or customers' attitude towards the services. Whichever area requires assessment, there is a tool available to do the job. Diagnostic frameworks OD practitioners rely on are frequently the 'big system' frameworks. Among them, the most well-known ones are Weisbord's Six-Box Model (1978); Nadler and Tushman's Congruence Model (1989); Burke and Litwin's Model (1992), Burke (1982, 1994, 2002), and Galbraith's Star Model (2002). There are many more and they are each useful to help organization leaders to look at various aspects of an organization.

In this chapter, we will focus more on the diagnostic processes rather than the many frameworks across the different levels of system.

Summary of the tasks and skills
required for the diagnostic process

The diagnostic phase has four sub-phases that supposedly run sequentially. However, how these sub-phases work together, eg data interpretation, feedback and action planning depend on how the data collection process turns out. Figure 4.1 will help to identify how all the issues from each sub-phase should be considered together.

FIGURE 4.1 Summary of tasks and skills for the diagnostic process

Tasks	OD practitioner skills
• Work out what type of data will secure the trust of the commissioner and other key stakeholders. • Be ready to advise on data collection methods. • Work out timelines, resources required and logistics. • Work out the 'political' aspects of data collection, including the types of data that will shift the different interest groups. • Who needs to own the data before they are willing to support the change agenda? • Who needs to sign off the data before the diagnostic data can be shared, and with whom? (Governance issue.) • Design the most suitable approaches, methods, etc given the culture of the organization. • Decide who to involve in analysing and making sense of the data, and who should help to feed back the data to those people who are crucial to the decisions that need to be made. • Decide who should be present to hear the feedback, and who should be involved in helping to plan appropriate interventions. • Work out the different intervention options (including methods and processes). • Revisit the contract and revise it to meet the overall needs of the project.	• Ability to diagnose the political terrain within the client system. • Ability to design and carry out data collection. • Ability to teach and coach the internal change team on how to carry out the diagnostic work. • Ability to use a structured framework, big system models, and/or specific theoretical approaches to guide the data analysis. • Ability to analyse feedback data and formulate options. • Ability to give clear presentations (and to support others in doing so). • Ability to facilitate joint action-planning meetings: bring diverse views to the surface, help different groups discover common ground, and enable groups to devise a joint approach to moving forwards to the change target. • Ability to support multiple stakeholder groups in working through the data, holding open discussions, and bringing disagreements to the surface in order to achieve common ground. • Ability to manage the feedback process to different groups, looking for common ground while allowing differences to come out from different stakeholder groups. • Ability to support different stakeholder groups in action planning.

Political considerations in managing the diagnostic phase

The first task of the diagnostic phase for the OD practitioner is to collect 'political' data. Without the political data, it will be like conducting the orchestra without the score. All organizations have different political landscapes where formal and informal power bases and alliances, covert decision-making processes, back-room trading, etc, take place. These political processes impact the change processes and affect the change outcomes more than the formal approach. Therefore, one of the first things you do when planning diagnosis is to think about the 'end game' – ask yourself, 'In order for the change implementation to be successful, who needs to get involved, be informed and be engaged?' So by the time you get to the implementation stage, the energy and readiness will be there to help the organization to achieve the goal. From that perspective, it is never too early to map the political forces that may be blocking the system and to attempt to shift such barriers (it will be useful to refer to Lewin's Field theory and group dynamics for further ideas on this).

As with any planning in OD, the answers to the following pre-diagnostic questions will help you and your team start shaping the diagnostic process. It is best to gather your internal change team who will be working to support this process. Their views on some of these questions are critical.

Pre-diagnostic questions

- What is the political landscape of the organization and how will it affect the way the diagnosis should be carried out?
- What are the most effective ways to collect the data, given the resources and time the client organization is willing to commit?
- How can you use this diagnostic process to give people more than they expect and thus increase your credibility at this early stage?
- What data does this project need that is seen by key stakeholders as both valid and robust enough to support and steer the direction of change?
- Given the culture of the organization, what kind of data will support the client in making informed choices and planning actions?
- Given the organization's current culture, what framework and processes should you use to structure and analyse the data to ensure it is palatable? For example, hard data will be most useful in an engineering firm because engineers are used to basing their decisions on quantifiable hard data. In contrast, people in an arts and media organization are likely to dismiss a diagnosis that is based only on hard data. They want to know how things feel, and how their supporters will respond emotionally to any changes.

- What kinds of data do people at different levels of the hierarchy need? What data do you need to increase support and engagement among the different groups?

- Given the hierarchy, how can you ensure that all of the key people at all levels in the organization will be given a voice, without upsetting the people at the top?

- What theoretical and conceptual framework will you use to decide which data collection approach and methods to use, as well as for data analysis, so that the key individuals will regard the data as valid and robust?

- If you want external data, whose permission will you need to get from within the crucial stakeholder groups to make these external data collection processes happen?

- What data collection methods will enable you to use internal agents as much as possible? What training do these internal change agents need?

Who are the people you will need to engage during the diagnostic phase?

These questions are aimed at getting people engaged because they are powerful in shaping the implementation success and/or because they have data to share:

- **Decision makers** – who are the decision makers in the system? Who needs to support this change agenda if the project is to fly?

- **Influential people to the decision makers** – who has direct access to the decision makers as well as having impact on their thinking and action?

- **Key implementers** – who are the key people and groups that the system will depend on to ensure the successful implementation of the change?

- **Influential people to the implementers** – who has influence on the key implementation groups, eg their boss, their support colleagues and sometimes their trade union?

- **Key political players** – who, from a political standpoint, is powerful so that you should involve them in designing and carrying out the data collection so they will not only own the data but help to disseminate it?

- **Key functional groups** – which functional group or groups will need to carry most of the burden of implementation? How early do you need to involve them in data collection to ensure their professional functional thinking will be present throughout the project?

Once these different types of people are identified, how will you engage them at every step during the diagnostic phase so that they will support the change. So, 'HOW?'

First, you can build some of these questions into your first round of interviews. Second, you can ask your client to bring together a cross-section of people from the organization to help both of you to plan the diagnostic process. It will be important for you to specify that those who will be invited should, in principle, be able to provide data about the actual political context both from their own part of the organization, as well as the organization as a whole. If your client has difficulty thinking about who to invite, then you may need to spend time doing some real-time coaching, to open your client's eyes to how important understanding the political landscape of the system is when planning any changes. While it is OK that they do not have all the answers, they do need to realize that they will need help from other people in the organization who may have the answers to those questions.

Whatever way you go about obtaining this political data, your aim is to get answers to complete a planning grid as shown in the example in Figure 4.2. Once you and your client can fill in the grid, then you are ready to move on to the proper planning of the diagnostic process.

FIGURE 4.2 The 'who' planning grid for the diagnostic phase

The 'who' questions	Possible names	Who is best to invite this person?
Who should be invited to be on the change team? (They will be respected and have strong street credibility; they meet the criteria of the change team person specification; and they will be able to report to the senior leaders and keep other people informed.)		
Who should be asked to undertake the various data collection work and be in the diagnostic team? (Winning their hearts and minds is important, and this process will help them in their sense-making journey.)		
Who should help us to cut the data gathered and form the data analysis team? (Their ownership of the data and their sense-making journey are important to their commitment to the change.)		
Who needs to own the data in order to approve the next phase of work? How many people or groups do we need to present the data to? (As part of the move to enlarge the engagement circle.)		

FIGURE 4.2 (Continued)

The 'who' questions	Possible names	Who is best to invite this person?
Who should present the data to the different groups? (Who will be the influential and credible messengers – same for all groups or different individuals for different groups?)		
Who should play an important part in and/or sponsor public events? (So that s/he is seen as a champion of the change agenda; what types of network personnel, influential key messengers, possible movers and shapers will this change campaign need?)		
Who – what mix of groups – should attend the different parts of diagnostic events so that they will benefit from having dialogue and share different perspectives as part of systemic alignment?		
Who can we find as mentors for individual members on the change team? (Who are the senior people needing to be exposed to bright young outspoken talent who will engage them in reverse learning, also as part of power equalization intervention.)		

At the beginning of your political diagnostic journey you may only have a hypothesis and hunches to guide you but as the data begins to come in, you will soon get clearer insights into what else and who else is needed for the system to shift itself. In the meantime, the likelihood that you will need to revisit your hypothesis will be high.

Finally, by asking this set of questions I do not want to give an impression that data collection should be seen mainly from a political perspective. It should not. The core of the diagnostic phase is still about getting robust and valid data to help the organization and you to make sound intervention decisions. By removing the invisible veneer from the organization and helping your clients to pay special attention to human dynamics within a power differential domain, you are expanding their capability in working with future changes.

An outline of the different kinds of data you may need

When talking to clients, often they are not clear what 'data' actually means. They equate data to the answers that you get when you interview people, or the answers

on the survey you sent out. In reality, there is a diverse range of data you can tap into, and to increase the data reliability and validity, you will need to tap into several sources. The range of data available includes:

- **Hard data** – for example, trading figures, the ROI (return on investment) eg from the last two rounds of policy change, the turnover rate of staff talent, the benchmark statistics in the industry, the percentage of returned goods, the change in the rate of grievances following a development programme in diversity and inclusion for middle management, the industrial accident rate, etc. Anything that offers statistics, numbers and ratios will fall into hard data.

- **Soft data** – for example, how members of staff feel about the organization, survey findings about their loyalty and commitment to the organization's proposed change of direction, pictures children draw when they leave a care home, customer feedback on quality, market research data on brand value, etc.

- **Energy data** – people's current feelings, energy and enthusiasm about the proposed change agenda. How draining is it? Are some of the elements perceived as non-events? Overall morale and attitudes, etc.

- **Readiness and capability data** – whether the people who have to implement the new agenda are both ready to shift and capable of carrying out the change. Or are they dragging their feet?

- **Political data** – whether the differences between the various power groups will support and facilitate or block the change agenda.

- **Competency data** – whether those groups that have to shift to a new way of working are able to scale up to their new responsibilities and to sustain the change.

- **External data** – the feelings and views of external bodies who have a stake in the organization, about the change agenda; how they express their views and what types of data they may leak to competitors, etc.

- **Competitor data** – what competitors are doing in this area and how the change agenda will help or hinder the organization in the market.

- **Professional data** – depending on the focus of the change agenda, you may need to obtain additional 'professional' information, eg financial accounting best practices, HR compensation and rewards best practices, etc.

Theoretical insights on what to look for during diagnosis

As we explore what type of data we will need to collect, the various theoretical perspectives will offer some guidance as each theory puts different emphasis on what to look for (please refer to Figure 2.11 in Chapter 2). Figure 4.3 illustrates which type of data each theory points us towards. It is a good practice to consider them all at the beginning of the diagnostic phase.

FIGURE 4.3 The influence of different theoretical perspectives on what to look for

Theories	Type of data we may be looking for
System theory	• System theory is interested in an organization acting like an open system (not as closed system), developing relationships between the organization and all the external stakeholders. • System theory is focused on examining the interface and interdependencies between organization variables. It is also interested in looking at the quality of relationships; interactions and interfaces matter, as does the congruence, or lack of, between input, output and throughput. • The nature of the synergistic quality of relationships between parts, the level of cross-boundary collaboration between parts, the quality of partnership work with outside partners and other subtle aspects of organization life, acting as a system, that become the focus areas of our diagnostic work.
Complexity theories	• Complexity theories steer the diagnostic focus onto how the organization deals with environmental changes, how it adapts itself, and how it responds to the randomness of 'happenings' to the organization. The storyline the organization adopts to tell its unfolding history, the impact of different historical moments on the system, the organization's approach to working with feedback, the type of feedback it deliberately seeks or avoids, its ability to relate to the environment, and its change history will be the focus of your data collection process. • Will be interested in what is happening at the local level, and how local areas shift to self-organized ways in times of change; on the richness of connectivity, the impact of parts being connected; the rate of information flow, in what direction and with what impact; the degree and treatment of diversity – what value the honouring of diversity has for the system; the degree of power differentials, what voices and innovation will be brought to the surface if power is being equalized; and finally how leaders contain anxiety during turbulent times. • Will be interested in what patterns the organization has, and how those will compare with the patterns the data shows. Paying attention to the feelings about the data from the various groups, the flow of energy and their movement patterns that will impact on the change project.
Social Constructionism and Appreciative Inquiry	• This theory will be interested in looking for the type of narratives that exist in the organization, the dominant stories that have been told and passed on, the cultural template, the frequency and type of dialogue existing between people, especially during change. • In AI, the diagnostic focus will be on what are the best moments, best practices, best decisions, best anything that enables the organization to uncover its own positive core to support the change agenda. • The diagnosticians will be much more like an anthropologist studying the group, the community and the way they go about maintaining their current reality while continuing to construct an alternative reality. The impact of the alternative reality on those who construct it.

FIGURE 4.3 (Continued)

Theories	Type of data we may be looking for
Dialogical and Social discourse theory	• Interested in uncovering what *discourse, text, context, narrative* and *conversation* the organization has that holds it in the current place it is in. How that may have a 'holding' power in keeping the organization where it is and not going forward with the change. • Interested in how prevailing ways of thinking, privileged narratives and entrenched mindsets are created and reinforced via processes that involve the implicit negotiation of meaning among different organizational stakeholders with power differential. • What are the dominant discourses that are deemed as acceptable, legitimate and intelligible while ruling out the way certain conversations go. • What reinforces those dominant discourses as 'acceptable'? • What generative imagery and metaphor can change agents introduce to shift energy and direction of conversation? Eg instead of 'doing development according to funders' criteria', 'doing sustainable development so that further funding will not be needed'. • What types of critical inquiry questions will seek to challenge the current assumptions and get the system ready to move?
Human System Dynamics	• What patterns are we seeing in the organization that hold the system together? • What are the similarities the different functions and groups have? Within those similarities – are there major similarities that we can leverage to shift patterns? • Out of all the differences the various groups have with each other, what are the differences that – if we resolve them – will make a difference in shifting our patterns? • What is the quality of interaction we currently have? What types of changes are we ready to make to shift the quality of the way we interact that will help to shift the patterns? • What small and local things can we do that will start to create something that is different? • Are those simple HSD rules doable in this context? How do we introduce them?

The reality is, while your job is to guide the client as to what type of data they will need to look for, ultimately it is the client who will decide what data they want to collect. But whatever data you and your client choose to collect, the decision should be determined by the following factors:

• The data should be sufficiently robust and valid for you and your client to feel confident in planning the necessary actions.

- The data should be valued by the major stakeholders identified from your political analysis.
- The data itself, and the data collection processes, should have the greatest impact on moving the organization and its people from the current state to the future state.
- The data, once people have discovered and owned it, will give them motivation to steer the organization forward.
- The data should give you confidence (from your own intuition and judgement) to design the intervention.

Data collection methods and how to ensure that the data collection process achieves its aims

The choice of data collection methods will be dependent on the nature of the task, the timescale available, the capability of the internal agents whom you would like to get involved, and the type of data that will give the organization and you clear insight as to how to shift the system. Most of the data collection methods used in OD aim to elicit three things: a) obtain the most robust and valid reading of the current situation so as to identify what might be possible ways to get to the future state; b) evoke the curiosity of the system members so they want to participate in doing action research themselves; and c) start mobilizing those members whose commitment the organization will need to secure in order for it to build successful implementation. A range of diagnostic methodologies should therefore be designed to achieve the diverse agendas. Below are three examples to illustrate how the scale of the project will require different diagnostic methods:

- In a one-to-one coaching project, the diagnostic process may involve either consultant-led or coachee-led interviews with the coachee's manager, colleagues and clients, the most recent 360-degree feedback data and the coachee's self-assessment.
- In a team-building project, the diagnostic process may again include a questionnaire to those who use the team's service, some one-to-one interviews with other teams involved in joint projects with the team, an interview with the team's manager, cross-interviews of team members by their colleagues, and interviews of other people and teams for whom the target team provides a service, as well as the target team's own self-assessment.
- In a project to help build a more collaborative relationship between two divisions, the diagnostic process may involve bringing the two divisions' members together to share stories from past collaborations; extracting themes from those stories;

and then having the mixed group propose how to strengthen the positive stories and reduce the occurrence of more negative stories. You can set up conversation circles for members from each division to join (each conversation circle will have a targeted area for the two divisions to exchange information and to improve). At the end of the conversation circles, sub-groups within the two divisions can work together on putting together a proposal on how best to support the move towards greater collaboration. There are other divisions that may also have a major influence on the two target divisions. You need to think hard about from whom you need to collect data and the type of data that will help to shift the system.

Different types of data collection methods

There are a range of data collection methods. The following listing is not exhaustive:

- **Existing documents** on different aspects of the organization's performance, eg trading figures, consumer feedback, delivery of strategic priorities, annual reports, regulatory compliance reports, peer assessments, divisional directors' reports, project success or failure rate in the last 10 years, etc.

- **One-to-one interviews** with people who have solid data on the areas you have been asked to study, eg head of consumer care, head of the annual organization review. Choose those whose opinion will carry weight politically or professionally.

- **Single-unit focus groups** to discuss the issues and/or carry out self-assessment of the relevant topics.

- **Mixed-unit focus groups** to share perspectives on how best to manage the change agenda and facilitate cross-fertilization between units.

- **Change agenda posted online** to elicit the views of people in different parts of the organization who will be affected by the project. Their views are posted online too.

- **External visits** to gather valuable information. Take a key group to visit one or more external stakeholder organizations, then follow with diagnostic discussion – eg what the external organization has, what are its rituals, its strengths and weaknesses compared to ours.

- **Direct observation,** spending time observing how people behave within the organization, across different departments and activities.

- **Questionnaires** to allow simultaneous data collection from many people in an organization. You could put your questions on the intranet and invite people to respond. Even though you may not get many replies, just seeing these questions may make people think about the issues.

- **'Theatre of inquiry'**, asking a group of actors to act out varying scenarios that portray different relevant features of the organization, for example, the level of energy, the frequency of collaboration, the quality of interactions, etc. Then ask mixed groups to confirm or disagree with what is portrayed and to offer alternative data.

- **Storyboarding**, asking people to draw stories of what generally happens in selected situations.

- **Graffiti,** placing a whiteboard at the entrance to the building where people can add their comments and pictures about the way they see relevant topics or how they feel about the organization.

- **Storytelling**, looking at the range of significant historical moments in the life of the organization and, through the storytelling, collecting the way the organization has reacted to past change in reference to the future change. This can be published as a 'story book' for leaders to consult with their teams.

- **Culture mapping** of the energy, flow of the system, especially when facing major challenges.

- **'High-leverage' type of whole-system methodology.** There are over 60 high-leverage methodologies listed in Holman *et al*'s *The Change Handbook* (2007). For example, running a future search conference to look back to the past, looking at the current perception of the system and 'happenings' internationally, nationally, corporately and personally. Any of the methods can be used as a fantastic data collection method.

Remember, behind all these methods lies the core skill of crafting good questions, and the difficulty of avoiding bias and inappropriate preconceptions. Very few questions or lines of inquiry are neutral. The right question can stimulate openness and deep reflection. As David Cooperrider has often said, our questions are 'fateful'. They can focus our client's attention on the right issues or they can divert them to other issues. All questions plant seeds. So it is important to test run your questions with different people before you go live.

Figure 4.4 is a checklist to help us think through the various decisions in the data collection phase.

Data analysis – how to join different data together

Once the data collection has been completed, you need to help the clients decide:

- Who will be involved in analysing the data?

- How will the data be analysed?

- Who will help to join up the various kinds of data and produce a clear presentation to feed back to the different stakeholders?

FIGURE 4.4 Decisions checklist on choice of data collection methods

Checklist questions	Answers
1. What type of data will give the organization informed choices about what next?	
2. In light of the cultural context, which blend or mix of data collection methods are realistic and will gather sufficient data, both qualitatively and quantitatively, to satisfy the various stakeholders, as well as enable the team to analyse it successfully, given the time and resource restriction?	
3. Who are the 'right' people (from your political data) to do data collection with you? Do they have the capability to carry out the task? If not, what development programme can you put together to equip them?	
4. Some methods require more time and money than others. What is the required timescale and budget for data collection? Can the client afford both?	
5. Do you have the mastery to support the client for the types of data collection methods you've chosen?	

As the result of your political analysis, you should have up your sleeve the names of those individuals who will be key to the implementation stage. In my work I always try to involve these people in the data collection. They are then automatically on the team for the analysis. But if that is not possible, you should have already obtained permission from senior people to involve them now. In OD practice, practitioners should not do the analysis of the data alone. The more people you involve within the organization in analysing and understanding the data, the better. Whatever you do, your aim is to ensure as early as possible that the clients (rather than you) own the data. Having said that, I often do the first cut of the data on my own so that I will get a feel for the data in order to: a) be one of the people to hold the thread of the progression of the project, and b) assess the complexity of the data – which means if it is very complex, I will know how to set up the process of the data-cutting to make the data analysis more straightforward.

In a situation where lots of people need to be involved, you may set up one group to do the data collection and another group to do the analysis; it is important to have some overlapping membership between these groups to ensure continuity in the process. Alternatively, if there are many different types of data and you expect there to be a large quantity, it may be a good idea to set up different teams to collect and analyse each type of data, eg one team organizing the questionnaires and processing the results, another running all the focus groups and recording the

output, another reviewing all the hard data and reporting trends, etc. Make sure there is agreement with all the teams about the importance of confidentiality. At the right time, you will then need to set up an event to bring all this data and insight together.

For bigger projects, the joining up of the data should begin much earlier. When you decide on your temporary change structure, for example, you may want to set up the following:

- A back-room team to coordinate the diagnostic process, whose members clearly understand the kind of data you are chasing and why.

- Clear instructions for everyone involved in collecting and analysing data about what to do, how to do it and the deliverables for which they are responsible.

- Adequate training for those who need it. If you are not sure that they will have all the necessary skills even after training, you will need to bring in someone else to help them.

- Clear data analysis processes so that those teams who collected the data will know what to do with it.

- A team leader for each data collection and analysis team to oversee the process and serve as a link to the back-room team.

The main purpose of the data analysis and later on the data feedback phases is to:

- Help the clients understand all the emerging facts and themes and the perceptions of those who have provided the data.

- Help the clients move from understanding the data to owning it, so that they are motivated to use the information to plan the next phase of work.

- Ensure that the clients are energized about the future and are committed to moving into the planning and implementation phases. Of course if, from the beginning, you have involved all or most of the key people and groups, there will already be some degree of ownership, even though it may be slowly evolving.

Figure 4.5 is an example of the data collected from one of my projects and how it was analysed.

When all the different groups have finalized their analysis, you will bring together a representative from each group to pull all the different data into one coherent story. This will then be fed back to the other key individuals and groups in the organization in preparation for the action planning phase.

FIGURE 4.5   An example of analysing data

Data collection methods	Possible data analysis methods
Review of hard data	Summarize trends and figures. If there is relevant benchmark data with competitors, use it. Show specific areas of future trending that will impact on the organization and encourage exploratory discussion. Use 'what if' questions. Draw conclusions about selected significant areas of inquiry.
Visits to external competitors	Prepare a list of areas for observation and inquiry for the visiting team before the visit. After the visit, use questions and prompts to facilitate the team's observations. Pull together answers with the 'what?' then go on and ask 'so what?'. Keep asking the 'so what?' questions until the potential implications are exhausted. Then ask whether there are any 'now what?' answers standing out. If the group is not ready, then ask them to form small teams to discuss further and deliver their answers later (within a short timescale).
Internet questionnaires	Depending on the sample size, use different quantitative methods to analyse the data, eg factor analysis if the questionnaires are using Likert-type responses. Look for common themes with those significant statistical output.
Focus groups using storyboarding	Analyse and report on dominant storylines and themes, backed up by votes from participants on which story they prefer when they are thinking about the future. Clusters of energy about the different storylines.
One-to-one interviews	Extract the patterns across the answers to the same questions, looking at the similarities and differences between certain groups in their perspective towards the same thing. If drawings, metaphor or any generative imageries are encouraged, then pull them together and see whether they give any further data to feed back.

Data feedback and action planning

Your job during the data feedback phase is to energize the clients so that they want to move to the next stage of the change.

How you organize the data feedback will depend on the target group(s), its size, how much time you have been allocated, the number of sessions you need to do and the agreement you have made with the steering group about what decisions can be taken by whom at these sessions. For example, presenting the data to the top team alone (maximum 10 people) in an hour will be very different from presenting it to the three top tiers of leaders (up to 50 people) in half a day.

If I can help it, I generally put off the presentation to the top group until last. Why? Because feeding back the data is still part of the diagnostic process. More data will emerge as people work with this first cut of the data. This is especially important

if you are still aiming to expand the circle of engagement at this point to those who have so far managed to avoid attending any of the diagnostic sessions. Their reactions to the data and the sense they make of it will give you more information to work with.

I prefer to give the top team the full works only after I have gathered all the data and energy from the other feedback sessions so that sufficient data is available to create the first draft of the action plan. This means that by the time the feedback gets to the board you will be in a position to tell the whole story. If the data is presented to the board too early and the board starts making decisions on the basis of this preliminary data, it will be difficult to approach the other feedback sessions with genuinely open options.

There are many ways to present the data. The most important thing is to keep the purpose of this event in mind: your aim is to transfer the data to the clients and to increase their energy so that they want to commit to doing things differently.

The feedback data should be summarized in as simple a form as possible, but 'without sacrificing the client's ability to grasp the systemic meanings of the information' (Burke, 1982: 209). In other words, you need to avoid data overload but without sacrificing the validity of the data. You could try being creative about the presentation; for example, if you used the 'theatre of inquiry' method during diagnosis, you could get the same actors to act out the themes that have emerged.

Pay attention to the psychological aspects of the data feedback session

Nadler (1977) suggested that people often enter into data feedback sessions with some or all of the following feelings:

- anxiety, a degree of uncertainty, not knowing exactly what to expect;
- defensiveness, worry that they may hear something negative and may be attacked;
- fear – people may have all sorts of reasons to be afraid, from undesirable outcomes to fear of retribution;
- hope, that what they hear may improve the situation and be the beginning of a move towards an exciting future.

You need to enable people to bring these feelings to the surface without letting the meeting be derailed.

Your perspective

It is important to make sure that your personal perspective and your own interpretation of the data do not get mixed up with the actual data. The data should be kept as 'pure' as possible. However, you need to have your own interpretation ready so

FIGURE 4.6 A sample presentation outline

Session	Process

Opening remarks	• Summarize for the group (as a reminder):
	  – the commissioning of the project;
	  – the objectives of this phase;
	  – what you did and why (methodology);
	  – who has been involved (total number of people and type of people where data are collected).
	• State the aim of this session and give an outline of the meeting.

Presentation of the data	• One group at a time followed by questions and answers. • Note: if there are a lot of sub-groups they should all give their presentations first, followed by all the questions and answers together.
Break the audience into smaller groups to discuss these questions	• What are the key points that stand out for me? Why? • What are the most surprising points? • How do I feel about what I have heard? • What do I think are the most crucial data that we as an organization should pay attention to?
Bring the groups back together	• Ask the groups to report verbally what they have heard or use big pinboards to stick their answers on. • When everyone has reported, facilitate a whole group conversation on the four questions above. Your aim is for the group to come to some agreement on what to do next. • Check whether the context in which this piece of work was commissioned has remained the same or shifted. • If shifted, then ask them how that would affect the way they see the diagnostic data (to check whether there are real qualitative changes in the circumstances. If not, go on and ask the next 'summative question'). • In light of the reason we commissioned this change project, what data really stands out that would require us to address it? • Check agreement through voting or a show of hands. • If the energy is there, move on to a short open session for people to come up with a draft 'HOW?' in addressing that data, or get permission to form a task group to start work in implementing the change.
Vote	• People vote on the areas where actions would be required as they emerged from the discussion and how best to tackle them.
Open space forum (optional)	• (If time allows) people decide which action area they want to work on and discuss how they will begin.
Summary of actions (optional)	• Involve the group in finalizing the action planning processes. Be very clear about the decision-making process necessary for the plan to be approved and resourced. Be clear about how people in the organization will hear of the outcomes from today.

that you can offer it after the initial data has been presented and the different groups have had a chance to discuss and share what the data means to them. Figure 4.6 should help you plan your presentation of the data in the feedback session.

I included the action planning in Figure 4.6 as optional, because I think people often need time to 'brew' their view of the data and should not be rushed into action planning. So while on some occasions people may want to move immediately to action planning, your position as a consultant should be to ensure that people have sufficient time to think over the data and talk to each other before you push them to do the final action planning.

Summary

OD efforts always begin with the understanding of the unique nature and circumstances of the client system – on its terms and in its context. To have data to understand the issues affecting the system and to guide you and your clients to calibrate the best way to work with the situation is very important. The ways you collect the data and the quality of the data will either support or limit your intervention strategies and ultimately the overall direction of change. So, it is the obligation of the practitioner to pass important skills and know-how to the client organization on how to generate ongoing data for the ongoing decisions it needs to make to continue the maintenance of its own system.

It is also important to remember that diagnosis is never a pure data-gathering process. As I quoted Lewin before, 'to study a system is to change it'. Once you start the inquiry process, you start the disturbance process – setting up the frame for people to question the status quo. If you link different parts of the system to get together to discuss the future of the organization, you will then be moving the system to a place it has never been. If you ask people to go and study the clients they serve, through those face-to-face encounters they will gain new knowledge about how to serve and delight clients more – hence they will want to commit to do things differently. Therefore, you will need to plan the diagnostic process in an interventionist way, using an action research approach to increase the involvement of the members of the system; mixing the people up, changing their environment, helping them to discover their positive core and watching for opportunities to light little fires everywhere, which you hope will promote a self-organizing movement. In this way, once the people have caught on to the vision and the logic, they will move the system towards the goals. When that happens, the boundary between diagnosis and intervention becomes very blurred, hence sometimes I call the diagnostic stage a 'pre-intervention testing ground'. In the next chapter you will find many of the criteria for effective intervention will be applicable to this phase also.

0 5

Theories and practices of OD: the intervention phase

When the diagnosis is complete and the analysis of the current state has been fed back, the client is now ready to work with the practitioner to do some action planning. The main purpose of any action planning is to identify what steps (and interventions) are needed to deliver the change goals. This phase of work is the action thrust of OD – putting our 'theory into practice'. This is where our theory, models, conceptual frame of reference of organization, group and individual, and our values will be put to use to help the client system design the appropriate processes to support growth, change and adaptation.

It is important to remember intervention must not be associated only with improvement or sorting out some form of deficiency within the organization. During good and healthy times, intervention is just as important as all organizations, groups or individuals need to undertake their regular maintenance work or consolidate and expand their strengths while getting future-ready as they anticipate future changes. Using Appreciative Inquiry to discover the best of the past to create the best of the future is a great example of that. To intervene is to shift, and you can shift a system from good to great as well as from poor to good. A good example is right after the IAEA's (International Atomic Energy Agency) CEO received its Nobel Prize, they asked external consultants 'how do we capture what enabled us to receive that prize and keep those conditions going?'

The type of intervention design in OD can vary from a one-to-one coaching session to a two-day team-building event; from a six-month customer support process transformation project to a two-year global restructuring exercise. From a small group gathering to resolve an issue to 800 members gathering to co-construct the strategic direction of the organization. Regardless of what the intervention is, behind it lies the intricate mix of the practitioners' theoretical assumptions, judgement, values, and their applied behavioural science understanding. It is the combination of all these factors that enables practitioners to do both the design and the execution of any intervention with success in 'real time'.

The wide range of interventions that practitioners use, coupled with the prolific growth of methods and techniques since the inception of OD, makes the enumeration of intervention techniques almost impossible. This chapter is not focusing on specific tools or methodologies, but is a 'how to' chapter, focusing on the fundamental principles behind any design of intervention. In other words, I am interested to show you some of the first principles behind any design work. I hope, once you know these first principles, you will have fun and confidence in designing effective interventions that serve your client system well without reliance on specific tools. When your experience has cumulated to a particular level, you will be able to design interventions at any level of a system in real time, ie in the here and now.

In this chapter, I will cover the following areas:

1 definition of intervention;

2 the key criteria of OD interventions;

3 design interventions (cross-dimensional design) – review of the three 'cubes of intervention' framework;

4 levels and types of interventions;

5 summary of cross-dimensional checklist based on concepts from the three cubes, levels and types of intervention;

6 building an intervention strategy – construction of criteria for effective intervention design;

7 summary of the tasks and skills required in intervention.

Definition of intervention and the key criteria for OD intervention

The term **OD interventions** refers to the range of planned activities that clients and OD practitioners design and execute together during the course of an Organization Development programme for the purpose of improvement, or health maintenance or growth. The following definitions from the gurus of OD help to map out the characteristics of intervention:

> The term intervention refers to a set of sequenced planned actions or events intended to help an organization increase its effectiveness. Intervention purposely disrupts the status quo; they are deliberate attempts to change an organization or sub-unit toward a different and more effective state.
>
> (Cummings and Worley, 2001: 142)

> An intervention is a change effort or a change process. It implies an intentional entry into an ongoing system for the purpose of initiating or introducing change.
>
> (Rothwell *et al*, 1995: 11)

OD interventions are sets of structured activities in which selected organizational units engage in a sequence of tasks that will lead to organizational improvement. Interventions are actions taken to produce desired changes.

(French and Bell 1999: 118)

Any planned, purposeful act you do that helps the client system grow, change, and/or adapt. These acts can be aimed at the individual, interpersonal (dyad, triad), group, inter-group, or whole system.

(NTL Faculty in Intervention workshop)

To intervene is to enter into an ongoing system of relationships, to come between or among persons, groups, or objects for the purpose of helping them. There is an important implicit assumption in the definition that should be made explicit: the system exists independently of the intervener.

(Argyris 1970: 15)

Composite definition: If we pull together the various elements from the above definitions to form a composite definition, then to intervene is to:

- enter into an existing system;
- with a structured and planned activity;
- directed at a targeted person, or group, or inter-groups or an entire organization;
- to disturb the status quo and to shift the system towards a different state;
- with the goal of improvement and development.

Behind the list of definitions are sets of criteria for effective intervention, which are crucial to guide the design of intervention. This is because every intervention is a series of disruptions to the existing system, and ODPs need to be vigilant to see the impact interventions have on the organization as a whole and on those who work in the system. So before going into the 'how' to design intervention, it is important to refresh the criteria for effective intervention.

Key criteria for OD interventions

Many of the earlier OD gurus have written about criteria for effectiveness that are worth revisiting. For example:

Lewin's three stages: unfreezing, movement, refreezing. Unfreezing is creating conditions whereby the client is shaken loose from the status quo. They are helped to loosen their mental and emotional ties to things of the past. This loosening needs to get to a point where the individuals are ready to consider movement. The movement stage is when people are ready to galvanize themselves to move forward with sufficient energy to pursue the new world. When the desired state of change is on the

horizon, the intervention needs to change tack to build new rituals, habits and behaviours into the fabric of the organization. These new ways of doing things have to be bedded down into a semi-permanent state in the organization. Lewin's work gave ODPs insights about the sequence of intervention. It also showed us that if the system is not ready and we go into the intervention in a deep and profound way, the system will reject the intervention as part of its natural defence.

Schein went on to expand on Lewin's three stages by adding three other conditions that interveners may want to create to aid their effectiveness. First, disconfirmation of the current reality: the 'unfit' aspects of the current reality need to be confronted. This will induce the organization members' own survival anxiety (if we do not change, will we be responsible for seeing the organization collapse), but such anxiety will immobilize the members unless they are psychologically supported by the leadership of the organization. Schein has pointed out that in unfreezing the organization, there has to be a deliberate decision to create a state of anxiety among the system members to create motivation to shift the system. This anxiety needs to come from facts that tell us that the behaviour people are holding on to will harm the organization, and each individual should have the sense of obligation to stop that happening. But their ability to mobilize themselves to shift is dependent on whether there is enough psychological safety to enable them to move; if not, the anxiety will be paralysing. Hence the formula seems to be: 'valid information that creates anxiety about the future, and support that enables people to feel safe making changes'.

Beckhard and Harris (1977) talked about the criterion of 'actual' versus 'desired' state. They pointed out an intervention would not have traction if there is no tension between *what could be* and *what is*. This criterion is illustrated by Beckhard's formula of change – dissatisfaction with the status quo + shared vision + knowledge of how to take the first practical steps need to be greater than the perceived cost (in various ways – psychological, financial, location attachment, etc) before there will be movement. In other words, when intervention is being designed, we will need to pay attention to the balance of this formula. For example:

a help to surface the members' dissatisfaction with the way things are currently run (if they are not conscious of such dissatisfaction);

b do some visioning to scale up their desire to change the state of affairs (shared vision);

c show the people that this change is doable (first practical step) and there are low risks involved.

The chance of that intervention being effective will then be higher than if one had not paid attention to this criterion.

Focusing on the tension is important to Beckhard and Harris, as they ask ODPs to support people through the 'transition state'. While they think envisioning the future desired state is critical to creating the desire to move forward, they are,

however, far more concerned with how we support our clients in 'managing that state' for all parties.

Hanna (1988), one of Beckhard's students, suggested that in handling the challenges of the transitional state, further intervention needs to be planned to give people that guiding hand. He named five things interveners can do, design interventions for:

- Developing a true or stronger commitment to the change.
- Training in the requisite skills and not spending too much time arguing the rational case.
- Dedicating sufficient resources, so that people get help and things will happen fast to steady the heart and to create the momentum.
- Overcoming old habits, openly contesting the old way of doing things, presenting the alternatives and encouraging people to play and experiment with the new.
- Managing the environment – ensuring there is enough senior support and also sufficient role modelling, rewards for new behaviour and making sure the change is related to organization success, etc.

Burke (1982: 215, 216) points out that OD practitioners need to pay attention to three conditions during the intervention phase. The intervention needs to:

- respond to an actual and felt need for change on the part of the client;
- involve the client in the planning and implementing of the change (intervention);
- lead to change in the organization's culture.

These three criteria are an impressive guide for ODPs. Burke is very clear that if we go into intervention without understanding what the data said, and without helping the clients to link what the data said to how they really feel about what are the genuine needs among themselves and in the organization, then the chances of whatever intervention we do being successful will be slim. Similar to Beckhard and Harris, the work that needs to be done is to ensure the organization members start intervening themselves when they participate in the diagnosis work. As Schein (1969) pointed out, simply entering a human system to conduct a diagnosis is an intervention. Diagnosis and feedback create the energy to take appropriate steps for action. Finally for Burke, if any intervention does not touch the organization's culture, we have not intervened at all.

Argyris (1970: 17–19) has also made significant contributions to help us to think about what the criteria are that will lead us to effective intervention. He specified three, and they are:

- **Valid and useful information** – this means the diagnostic data that has been presented should accurately reflect what people in the organization perceive and feel, what they consider to be their primary concerns and issues. In other words, when they read the information, the data reflects how they experience those issues

in the workplace – and they are able to link back to the complexities and the accompanying frustrations of working within that system. They cannot progress to action planning, unless they see what has been captured is taken seriously and what they would like to see changed is there to be dealt with.

- **Free choice** – the 'locus of decision making is in the client system', and none of the decisions are automatic, preordained and imposed. According to Argyris, 'a choice is free to the extent the members can make their selection for a course of action with minimal internal defensiveness... free choice therefore implies that the members are able to explore as many alternatives as they consider significant and select those that are central to their needs'. This criterion means that the decision as to what to do is in the hands of the clients and no action is forced on them. ODPs' role is a third-party agent.

- **Internal commitment** – the client owns the choices to be made and they also need to feel responsible for implementing them. So organization members are encouraged to act on their choice because they have real needs to respond to, both for the individual and for the organization.

This set of criteria about valid information, free choice and internal commitment will be accomplished if you involve the client from the beginning of the OD cycle, define what are the real presenting issues, test such issues across the organization, specify the deliverables in the commissioning document, and involve the system members to do action research into their own system to reveal itself to itself. Involve them to analyse the data, take part in presenting the data and join the change team in doing action planning. In doing so, Burke's three concerns about intervention will be met. Also when the clients are involved in planning and implementing the intervention it will be a direct response to the actual and felt need for change. Most of all by using the OD approach to navigate through the cycle, new ways of behaving will enable the members of the organization to look back to what does or does not work and choose to try out new ways of feeling and thinking. In that way the intervention will lead to organization culture change.

The above has begun to showcase the OD approach to intervention. At the risk of repeating myself, I sum it up again here for easy reference:

- The design of intervention is always a collaborative, iterative process of inquiry, choice and action with clients.

- Strongly believe that the client system is an ongoing, self-responsive unit that has the right to be in control of its own destiny – ODPs' role is to maintain or increase the client's system of autonomy.

- The intervention is always intentional – based on causal knowledge of the required outcomes. All interventions aim to accomplish a purpose.

- Backed by three conditions: valid information; free informed choice and the client's internal commitment to the choice made.

- There is usually more than one 'right' choice or choices. Hence ODPs need not get hung up about whether we have made the right choice of methodology. All choices are based on:
  - Context (what are the realities of the client situation?).
  - Data available (what's the data telling us?).
  - Theory (applied behavioural science principles).
  - Experience of consultant and design team.
  - Intuition of consultant and design team.

There are a few more OD criteria for intervention that are just as useful as those expounded by the well-known academics. They are:

- We should not intervene either at a level deeper than that required to produce lasting solutions to the problems at hand; or beyond which the energy and resources of the system/individual can be committed to problem-solving and to change.
- The above criterion is similar to the criteria of 'intensity', which Cohen and Smith (1976) refer to as strength, power or impact of the intervention as the consultant intends it. Intensity can be low, medium or high. Not going 'too deep' at the individual level, means the intervention should not put more pressure on individuals than necessary for the intervention to have an impact. At the organizational level it should not require more radical changes in values than the organization is ready to make collectively. The consultant controls intensity not just by the design of the intervention, but also by choice of words, inflection of voice and their non-verbal clues.

This set of criteria is to ensure an intervention will match its scope with the readiness of the clients. If they are mismatched, a brilliant intervention will go astray. So we will need to be attentive to the clients' readiness as well as being intentional about the impact we will create.

Bearing in mind the various sets of effective criteria for intervention we will now look at the design of interventions.

Design interventions (cross-dimensional design) – review of the three 'cubes of intervention' framework

In the design of interventions, there are many variables (dimensions) that the intervener needs to take into consideration before they can decide what tools and methods to use. This cross-referencing of various variables of intervention was exactly what some of the early founders attempted to do – by classifying different types of OD intervention in a three-dimensional model. Though some may think these early

authors' intellectual work is a bit out of date since there are a growing number of more sophisticated intervention techniques as OD jobs have become more complex, I believe the intellectual rigour behind these three cubes will show us how to think about intervention from first principles. In reviewing the three three-dimensional cubes, interveners will be able to start thinking about the various dimensions for practical application in building an intervention strategy.

Schmuck and Miles (1976)

Before Schmuck and Miles published their cube, Burke and Hornstein (1972) had shown us a single-dimensional category typology – they listed just six categories of intervention: team building, managing conflict, survey feedback, techno-structural, training and miscellaneous, and then clustered different interventions under each of those categories. Schmuck and Miles came along and were the first to devise a three-dimensional model, a cube that encouraged practitioners to think about the interaction between three things: a) the *diagnosed problem*; b) the *focus of attention*; and c) the *mode of intervention*. See Figure 5.1 to understand how the cube works.

FIGURE 5.1 The OD cube
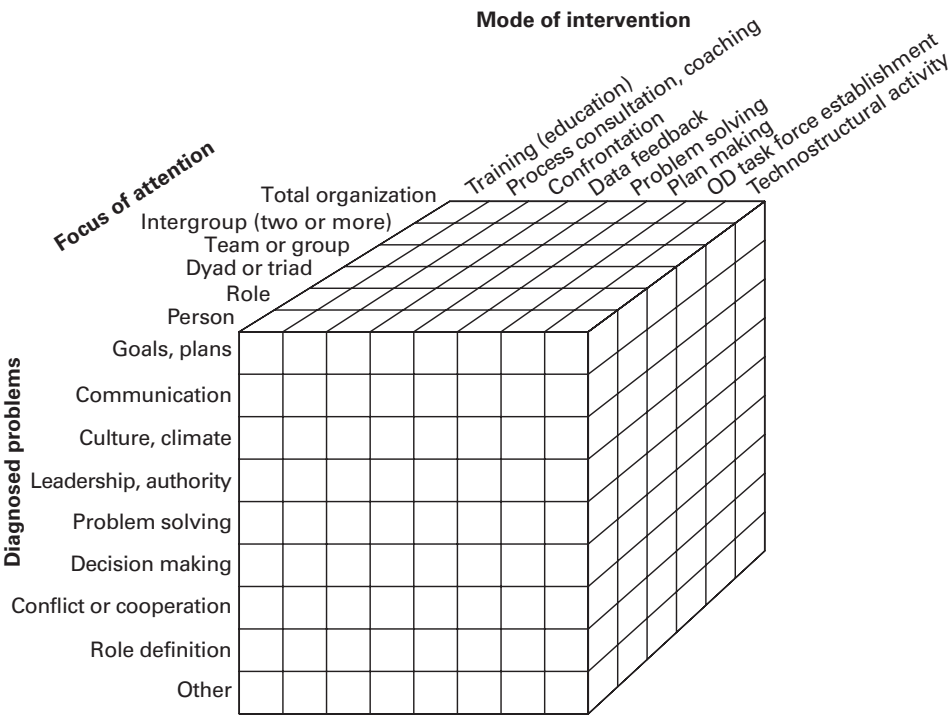
SOURCE Schmuck and Miles (1976)

If we think of the cube as being made up of many smaller cubes, one for each potential combination of a), b) and c) above, then only some of the combinations indicated by the small cubes are appropriate. For example, if the diagnosed problem is decision making and the focus of attention is a team, then the mode of intervention can only be either process consultation and coaching, or training. If the diagnosed problem is culture and climate, and the focus of attention is the total organization, then the model of intervention is the establishment of an OD task force.

By focusing on these three specific types – *problems/issues – targeted at whom – mode of intervention*, ODPs are able to design the intervention in real time.

Blake and Mouton (1985)

The next major attempt to classify intervention was made by Blake and Mouton (1985) who built the most comprehensive typology of intervention, called the Consulcube, which is also a three-dimensional cube but with 100 cells. The three dimensions they outlined are:

First, the *kind of intervention* (what the consultant does) – which includes five basic types:

- **Acceptant** – the consultant gives the client a sense of worth, value, acceptance and support so that they can grow and get on.
- **Catalytic** – the consultant helps the client to generate data and information to restructure the client's perception.
- **Confrontation** – the consultant points out value discrepancies in the client's beliefs and actions.
- **Prescription** – the consultant tells the client what to do to solve the problem.
- **Theories and principles** – the consultant teaches the client relevant behavioural science theory so that the client can learn to diagnose and solve their own problem.

Second, the *focal issues* causing the client's problems; Blake and Mouton have outlined four focal areas: power and authority; morale and cohesion; norms and standards of conduct; goals and objectives.

Third, the *units of change*, which is the target of the consultation. Five units are proposed: individual, group, intergroup, organization and larger social systems such as a community or even a society.

Figure 5.2 shows how this cube works. For example, if you have a group (unit of change) with problems in the areas of goals and objectives (focal issues), after diagnosis the consultant thinks his/her most suitable role is theory and principle (kinds of intervention) – so uses behavioural principles to help the group to diagnose why they have the confusion over goals and objectives. Behind that choice may lie the consultant's hypothesis, eg there is covert conflict within the team, which manifests

FIGURE 5.2 Blake and Mouton's Consulcube model
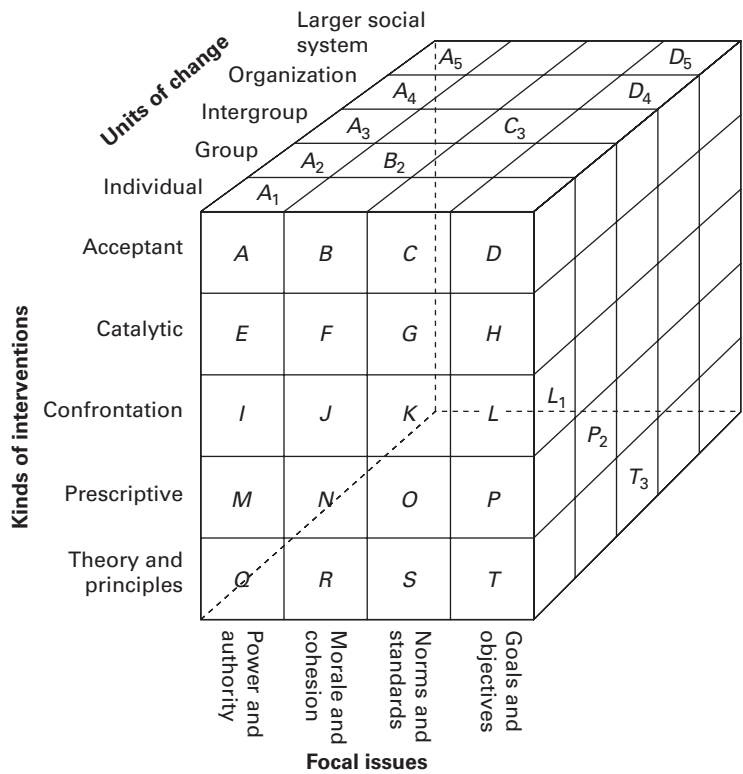
SOURCE Blake and Mouton (1976). Reproduced by permission of Scientific Methods, Inc

itself as an objective problem. Or, if the consultant has diagnosed that the problem lies around team morale, then s/he may decide to deliver an acceptant style to give them encouragement so that the team will be able to keep going.

Reddy's cube (1994)

W Brendan Reddy devoted an entire book to this intervention cube. The Reddy cube as shown in Figure 5.3 contains:

- **Focus of intervention** – group, interpersonal, individual.
- **Type of intervention**:
  - cognitive: abstract, intellectual or ideas oriented;
  - skill and activity: suggest appropriate skill learning and training;
  - behaviour description: the consultant describes what s/he has observed in terms of behaviour;

- o emotional/reflective: the consultant describes the emotional and feeling component within the group;

- o interpretive: making a hypothesis or understanding of what is occurring at a dynamic level with the intent to prompt members to discuss what they think and feel about what is transpiring.

- **Level of intensity** – (low, medium, high) by level of intensity, Reddy means 'the strength, power or impact of the intervention as the consultant intends it' (Reddy 1994: 83).

While this cube is mainly focused on the work that process consultants do with groups, the concept does have a wider application. For example, if the focus of the intervention is at the interpersonal level, and the type of intervention is interpretive (sharing a hunch, a hypothesis to prompt the two individuals to work through the issues), then the level of intensity may have to be high because low-level intensity may not be able to open up the barriers.

What do the three cubes offer?

It is amazing that over 40 years ago Schmuck and Miles began the first attempt to help practitioners to think three-dimensionally about intervention. What these three cubes have done is to give practitioners both the *imagination* and the *framework* to tailor-make their own intervention cube to guide in robust design. There are three things we can do to reap the benefits of these pioneers' work.

FIGURE 5.3 Reddy's Intervention Cube
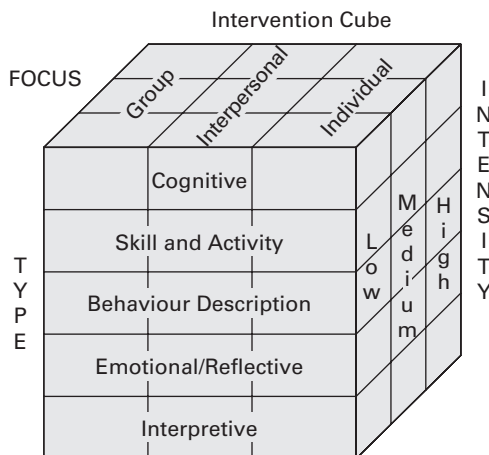
SOURCE Reddy (1994: 82)

First, I have pulled together each of the three dimensions from each of the cubes to form a six-category checklist, which can serve as a useful pre-design checklist, as shown in Figure 5.4.

Second, you can keep the conceptual framework of the cube, but replace their categories with those that are important to you theoretically to build your own intervention cube/model. Once you have done that, you will have a tool or map to share with your clients. For example, using the Schmuck and Miles cube, you can enter specific real examples from your experience into *diagnostic problems, focus of attention, and mode of intervention.* Just as an example, you can substitute the issues below from your client situation into the cube:

Diagnosed problems	- Strategic implementation failure - Refusal to share knowledge - Discriminatory culture - Rigid authoritarian leadership style - Attitudes towards problems (hiding vs sharing) - Slow decision making - Compliant attitude is rewarded - Rigid role definition, etc
Focus of attention	- Total organization - Research and development division - Between PMO and regional heads - Corporate HR and local HR - All country leaders - Dominant leadership in pioneer countries
Mode of Intervention	- Large group intervention on securing commitment to corporate strategic ambition - Process consultation - Conversation cycle - Troubleshooting task force - Leadership development programmes

Third, you can take the conceptual frameworks that I have gathered from the three cubes and add other types and levels of variables to start building a tailor-made intervention strategy plan for your client. Figure 5.5 gives an example of how to design effective intervention based on the 'types' question. This figure joins the concepts from the three cubes and the 'types' to make a summary checklist for designing intervention.

FIGURE 5.4 Pre-design checklist from the three cubes

Authors	What the author is asking	Pre-design checklist from these cubes
Diagnosed problems Schmuck & Miles Blake & Mouton Reddy	• Diagnosed problems • Focal issues (problem areas)	Do you know what the diagnosed problems are that you are dealing with – is it goals, communication, culture, leadership, conflict, role definition, etc? Among them, are there clear and major focal issues, eg morale and cohesion, power and authority, norms and standards, goals and objectives? It is important to get clarity about what the diagnosed focal problems are.
Targeted group Schmuck & Miles Blake & Mouton Reddy	• Focus of attention (who, what level) • Unit of change (targeted group) • Focus (group, interperson or individual)	Do you know how many levels of systems you will aim to target with the intervention? Larger social system, organization, intergroup, group, dyad, triad, role, individual, etc? Would the different focus of attention require different types of interventions even if the diagnosed problems are the same?
What relevant types of interventions Schmuck & Miles Blake & Mouton Reddy	• Mode of intervention • Kind of intervention • Type of intervention	Once you know the diagnosed problems, issues and the level of the system the intervention needs to aim at, then, looking at the context (eg newsroom, factory floor) the resources allocated, the other constraints/opportunities – what type of intervention will it be possible to run, or what mix of interventions will it be possible to run simultaneously? Eg process consultation, confrontation, training, doing real work, task force, behavioural change, etc.
Intervention strength Schmuck & Miles Blake & Mouton Reddy	• Intensity (high, medium or low)	Given the need to see intervention results, and how deep rooted the diagnostic problems, what level of intensity will you need to use: high, medium or low – ie the strength, power or impact of the intervention as intended by the intervener?

Levels and types of interventions

Now that we understand the cross-dimensional way of thinking about intervention design, I want to expand the list of variables (dimensions) that interveners need to

FIGURE 5.5 An example of designing effective intervention based on the 'types' questions

Diagnosed issue: Lack of leadership coherence among the top two layers of leaders in terms of direction and strategic priorities

Targeted areas of change	Modes or kinds or types of intervention	Size	Intensity
Top team indecisiveness	• Group process consultation • Reverse feedback from leaders below about what the rest of the organization require from the top leadership in terms of direction	Small Medium	High Medium
Inconsistent strategic planning procedure	• Sort out the competencies of the strategic planning professionals to see whether it is their competence or the mixed directions they get from the top team	Small group	Low
	• Put together a small group from tier two and three leaders to work with the strategic planner to refresh the planning procedure, limited consultation and then run a round of planning	Small group	Low
Involve most staff in the strategic planning process to gain data + engagement + ownership	• Design a large-scale strategic formulation event with the strategic planner and leaders, assign different upfront roles for the top two levels of leaders to take, engage the third-tier level of leaders to facilitate break out • Bring the data together, encourage people to bring their voices in sharing their personal vision based on the various sources of data they were given; then vote (but do not promise they will be owned at that stage, as there is one more stage to go)	Large group	Medium (not just skill, but encourage voice, value and personal vision for organization)
Address the lack of coherency of direction among top three tiers of leaders	• Run a management conference (first three tiers of leaders) to look at the data that emerged from the strategic planning day; design a process to mix the ranks of leaders to come up with criteria to choose before agreeing the top strategic priorities. After they agree criteria, split the group back into their ranks to come up with the strategic priorities. Facilitate discussion, especially if there are differences • Agree what the implementation process will be, who to inform, how to inform, how to turn it into a work programme, what support to give to themselves and others to monitor the delivery of such strategic priorities	Medium-sized group	Will vary from low to medium to high, depending on the process

consider. This may seem to be a complex topic, but in reality, it is not. In the section below I will cover the following areas:

1 What does 'levels of system' mean in intervention design?

2 What does 'type' of intervention mean?

3 Bringing together types and levels to form the criteria list for effective intervention.

4 Intervention tools and techniques by levels.

What does 'levels of system' mean in intervention design?

In intervention, attention needs to be paid to the level of system at which you are intervening from the three cubes. By level of system, I mean what the three cubes call the 'focus of attention', 'unit of change' and 'focus' the intervention is aiming at. Levels can range from an individual, to a team, to an organization. Activities aimed at different levels will vary significantly in their intended impact. In OD, according to Phil Mix, an NTL colleague, there are at least nine levels of system an intervener has to contend with. Also, it is an OD belief that unless an intervention can penetrate at least three levels of system, it will be difficult to achieve sustainable change. So, the more levels of system an intervention activity can impact the better the outcome will be. But there still has to be a primary target or unit that your intervention should aim for.

In designing work, you need to ask yourself, 'In order for this intervention to be effective, in how many levels of system will I need to intervene, but also which is the *primary* level?'

Let's take a look at the nine levels of a system:

- **Intrapersonal level** – focus is on the individual. Often it involves shifting the mindset, the paradigm, the values and the deep assumptions from which the person operates, or it focuses on unblocking, eg enabling individuals to vent all their pent-up emotion so that they can move on to the next stage of development.

- **Interpersonal level** – the focus is between individuals (eg dyad, triad), where relationships between individuals need to be sorted out, eg shifting two department heads from a competitive to a collaborative style of interacting, or where certain partners need to understand each other's view better in reference to a strategic issue, hence need to be supported to get along and work together more effectively for the benefit of the organization.

- **Group level** – the focus is about the group dynamics, the relationship between members of the group, how the group members interact with each other, the purpose of the group, how successful they are in delivering results, do they meet each other's affiliative needs, are there any sub-groups within the same group (intra-group level), how do they handle conflicts, whether conformity and compliance forces are operating, etc.

- **Intergroup level** – two units within the same division (eg strategist and OD professional who sit together under the executive support office) need to work more seamlessly by understanding each other's distinct roles in the strategic formulation and implementation processes. To help these groups to work effectively and showing understanding of their interdependences towards one another will be an intergroup intervention.

- **Intra-unit level** – the various sub-units within the same function, eg the HR business partners, the L&D unit, the compensation and benefit function, etc, need to learn how to support each other's work and use procedures and processes so that their functional output will be coherent and acceptable to other divisions. Also, they know how to contribute to the building up of a brand important to those whom they serve.

- **Inter-unit level** – different divisions, eg the marketing and sales divisions or the campaigning and fundraising divisions, need to know each other's core work and learn to dovetail their work in such a way that will give the organization the edge to be successful.

- **Bounded system level** – the environment changes so much that the whole organization needs to adjust itself and adopt a new strategy and mission to ensure survival in the environment.

- **System network level** – a number of organizations, eg organizations dealing with the elderly, get together to co-construct their vision for elderly care for the nation by 2025.

- **Total system in its environment level** – an organization brings together all its suppliers, its customers, its funders, its partners, its staff and its volunteers to search for a viable future that allows them to continue to make significant impact in their core mission.

Having identified what level of system, next the intervener has to identify what type of intervention they can use.

What does 'types of intervention' mean?

'Types' in this context encompasses a broad range of meaning. It can mean 'categories' or 'dimensions', or 'focused areas of change'. The concept offers practitioners crucial insights into how to design the intervention process.

In the literature, when writers talk about 'types of intervention', they are referring to any of the six concepts:

- **The targeted area of change** – as in Reddy's cube (1994). For example, a type of intervention that will help to increase knowledge and understanding of something (*cognitive*), or to increase ability to do something (*skill and activity*), or to change

current behaviour (*behaviour description*), or release pent-up emotions and learn how to use emotion to keep us reflective (*emotional/reflective*), or shift paradigm (*interpretive*).

- **Task-focused or process-focused** – for task-focused intervention, people get together to create a plan, solve a problem, improve a product or increase efficiency. For process-focused intervention, people get together to work at resolving a conflict, learn how to get the best out of working in a diverse team, learn to see the need of the whole community before working to co-construct the future of the community, etc. Of course you can always do both, eg learn the process that helps a team to work effectively in improving the services so that they can repeat the process again.

- **Structured versus unstructured intervention** – structured are those interventions that are highly planned with every logistical detail sorted; where all delegates will be steered towards activities and there is probably a detailed project plan to 'produce' the event. In the unstructured emergent event there is a general plan, but the event is mainly set up for delegates to self-organize to go wherever their energy will take them. Among unstructured interventions, the human laboratory is one of the most well-known. Of course you can have a highly structured and emergent event like the Appreciative Inquiry Summit.

- **The channel through which the intervention is delivered** – some interventions are delivered through lecture and input, others are delivered mainly as experiential events. Others still are delivered as a joint dialogue and discussion-style event, or through participation in arts, music and theatre, outdoor pursuits, external visits, etc. In simple form, this refers to the main processes through which the intervention is being delivered.

- **Size of the group** – are the groups small, medium-sized (eg two divisions being joined together) or large – the whole organization?

- **Intensity of the intervention** – how deep is the intervention – high, medium or low?

In the designing process, it is vital for practitioners to get clarity on the *type* and *level* of intervention. Within the type of intervention, further consideration needs to be given to whether the intervention is more about the *task* than about the *process* side of getting things done. Does the task-based intervention require *highly structured* and well organized processes, or can the process be a bit more on the *self-organized* side of the continuum? As for the question 'through what *channel* should the intervention be directed at the targeted group?' that will depend on the intervention goals, the size, the duration of the intervention and the organization's preferred mode of communication. This detailed work, although it sounds repetitive, is to ensure you will achieve a level of ease in your intervention design, as that ease will not happen overnight, but the 'science bit' in the design principles will help you to

get there. The more you play with these design principles, the faster you will become a 'pro', able to mix various dimensions and have the right design at your fingertips. Figure 5.5 also illustrated this.

Summary of cross-dimensional checklist based on concepts from the three cubes, levels and types of intervention

To help you to integrate the various concepts I have introduced, I constructed Figure 5.5, using a real consultancy example to illustrate how these first principles can be used to design various interventions to improve the situation. It should be noted that none of the listed concepts are meant to be used alone; the concepts that come out from the cubes are meant to be cross-referred. For example, if the intervention is to increase understanding and knowledge of something (cognition), then the channels through which the intervention is delivered will include input. If lectures are to be used, then the events can probably tolerate a larger-sized group, and the intensity will most probably be low. But if the target area is about shifting paradigms, then the intervention should be experiential and loosely structured, take place within a smaller group, with a clear aim at the intrapersonal level of system and the intensity will most probably be high.

Having gone through the levels and types of intervention, your next move is to help the client to consider whether there are some methodologies/tools and techniques that should be used, or if it would be better to design a tailor-made intervention. Figure 5.6 gives a sample of intervention that you may want to show your client. But it is important to say that regardless of what methodology you will be choosing with your clients, they all need to be adapted for the organization. Please note that this is not an exhaustive list of interventions.

Other ranges of large group methodology are not shown here. There are 68 methods that are documented in Holman *et al*'s *The Change Handbook* (2007).

There are four further points for the intervener to attend to when designing interventions:

- Always use a design checklist to work with the client to ensure you have all the information you need before doing the design. Alternatively, involve the client by asking them to come up with their own design checklist. A jointly designed checklist will help those who will be doing the joint design with you feel more confident to do the work.

- Always be willing to use more than one methodology in your intervention design. The mixing of different methodologies is healthy and makes it easy to get more done – as long as they have a coherent flow to them. Sometimes, joining a few of the methodologies together will give a powerful set of interventions.

FIGURE 5.6 A sample of types of intervention by level

Individual intervention	Interpersonal intervention	Group intervention	Intergroup intervention	Total system/ organization intervention
• Coaching • Mentoring • T group • Counselling • Life and career planning support • Education • Behavioural modelling • Individual consultation	• Third-party conflict resolution • Role negotiation • Process consultation • Storytelling from each side • Interdependency exercise • Role swapping • Job shadowing • Partnership work	• Team building • Responsibility charting • Process consultation • Role analysis • Start-up team-building activities • Visioning • Decision-making improvement • Unstructured group training	• Interface discussion • Third-party peacemaking at group level • Survey feedback to each other • Intergroup activities to build interdependence awareness • Restructuring of sub-units	• Organization design • Appreciative inquiry summit • Future search • Organizational mirroring • Real-time strategic change • Partnership and customer conference

FIGURE 5.7 Further factors to be considered when designing intervention

The intervener also needs to consider the following at design stage
• What stands out from the diagnostic data and intuitive judgement of the practitioners (and the internal change team) as to what the implications are of the data on the type, sequence and timing of the intervention? • Various design options based on the diverse theoretical perspectives. • Various design options based on resources (time and monetary budget) issues. • Speed at which the intervention needs to be completed. • Capability and readiness issues of the system when running the intervention. • How deep (level of risk) the intervention should go to achieve the desired outcome. • Level of anxiety the system has about the change, hence the change intervention. • What process would help to increase the autonomy of the system? • How will the current power landscape affect the implementation of the intervention? • How do we capture all the feedback as we test run the first round? Also later on when we start running the intervention simultaneously in different regions and functions? • Who will be keeping an eye on the feedback data and adjusting our intervention plan to ensure we will be successful? • Are there certain skills that need continuous building up? What are they and who will do that?

- Always adapt or tailor-make whatever methods fit the consulting situation. Never take a 'tool off the shelf' and apply it straight to the client. I have never used a tool as it is, so you should not feel guilty if you are not sticking to the fundamentals of the methodology.

- Always be willing to test any innovative ideas that clients come up with. Be aware that we can be quite jaded when it comes to methodology, so if some new ideas come up, do try them, and encourage the group to go on to innovate methodology after you have 'ODified' it. Always carry any educational material like design templates, protocols and theories with you to refer to when you are asked so that you can do real-time teaching as the opportunities arise. Do not be bounded by tools and techniques you have mastery of.

Finally, refer to Figure 5.7 for other factors that you may need to take into consideration during the design process.

Building an intervention strategy – construction of criteria for effective intervention design

The process of deciding what intervention you need to design/execute to shift the system is the core work of OD practitioners. So doing intervention well for an OD practitioner is much more than reaching into the 'kit bag' and pulling out an intervention tool or two to apply to the consulting situation. There are many steps you will need to take in order to produce the intervention strategy that French and Bell (1999: 146) called the 'overall game plan' for intervention. According to them, an intervention strategy plan is something that will help the intervener:

> to integrate the problems or opportunity to be addressed, the desired outcomes of the programme, and the sequencing and timing of the various interventions. Intervention strategies are based on diagnosis and the goals desired by the client system.

The intervention strategy is an outcome document that summarizes your intent and then guides you and your clients to execute and monitor the intended intervention(s). But to get there, the intervener needs to proceed through four major steps. In this section, I will discuss each of the four steps and show how they contribute to the construction of an intervention strategy. The four steps are:

1 go through the pre-design list of questions;
2 work through the list of design questions;
3 design criteria that OD practitioners need to refer to;
4 pull together all the interventions we have planned and do a sequencing of the events.

Some of you may be asking: 'Aren't these steps a bit over the top, especially when I am only doing a one-off small-scale job?' The answer is yes, it can be over the top because intervention strategies are really only needed for large-scale projects. However, the discipline of going through these steps, from my experience, offers a level of reassurance to a practitioner that is hard to get from doing anything else. So for me, if I am doing a half-day board meeting or a three-day leadership retreat, I want to go through the thinking process with my client so that when we arrive at the final programme we will both have the reassurance that it will work because rigorous thinking has been applied. My encouragement to you is to try to go through these steps to get the hang of the basic principles in intervention design. After doing it a few times, you will have the confidence to dovetail the four steps into a personalized approach to intervention design, or the confidence to use whatever list you want as you see fit. You are not a slave to your checklist: your checklist is your slave.

> **Health hazard note:** The following four checklists will seem incredibly repetitive. My intention is to provide something for you to refer to when you are actually doing the design. So, if you have read enough on intervention, please stop at this point as most of the intervention design tips have been covered already. Come back to these lists only when you have real reason to use them. Pick up next on 'Pull together all the interventions you have planned and sequence the events' on page 125.

Go through the pre-design list of questions

- What are the objectives of the intervention? What do you want to achieve?
- What are the diagnosed problems?
- What is the focus of attention? Or what is the unit of change/level of system the intervention aims to intervene at? And to achieve what?
- What are the targeted areas of change (the focal issues) that the intervention needs to deliver?
- What stands out from the diagnostic data and intuitive judgement by the practitioners (and the internal change team) as to the implication of the data on the type, sequence and timing of the intervention?
- What is the level of anxiety within the system that you need to bear in mind when you design the intervention?
- What is the level of readiness and capability of the system?
- How much risk can the system handle given its state of readiness and capability?
- What process would help to improve the autonomy of the system?

How would you use this list? First, to state the obvious, it will be important for you to spend some time looking through the diagnostic data, recalling all the conversations

you have had with the various clients and applying this list of questions to the data. Second, if you are working with an internal change team, it is best for you to call a meeting to take them through the list of questions to secure answers from their perspective. When is the best time to do this? I have found doing this at the end of a data feedback session is almost impossible, as people are: a) overwhelmed by the data they have just heard; and b) need time to think about the data – the brewing time. So I leave it until a few days after the data feedback meeting.

Once you and your client have gone through the above list of questions, you have sufficient information to begin doing the design. Depending upon what you have agreed with your clients, you will either go away to come up with some options so that in the next meeting you and your clients can look at the options and make some preliminary decisions as to what next, or you will bring together an internal team to jointly work on the design.

Whatever your approach, you still need to carve out a couple of hours to hide in a room going through the next set of design questions. At first, some of these questions may seem to be a bit repetitive (they are), but it is at this stage that you need to come up with much more granular answers than from the first round.

Review and answer the list of questions on design

Purpose, levels, scope:

- What are we trying to achieve? What metrics would tell us we have been successful?

- What levels of system should our intervention aim for? How many levels of system need intervention in order to secure sustainable results?

- What are the target areas of change? Do different targeted areas need different types of intervention?

- Should the event be more task focused? If so, what task do we need the participants to practise and learn? Or should it be process focused; if so, what process does the target group need to get better at?

Channels, groups, size:

- Given what we know about the group, should the event be tightly structured or should it be more emergent? How many self-organizing processes would the event encourage? What would suit this group better? What will give us a better outcome?

- What is the best channel to deliver our intervention? What combination of channels will work best?

- What size of group should we deliver this intervention to? Should we do the whole system in one go, or smaller groups first then end with a large whole-system group?

Design options based on theory, resources, speed, system capability and psychology:

- What design options can we consider based on the resources (time and budget) that the organization has made available?

- What design options can we consider given the nature of the industry, eg is it possible for them to release everyone in that function to come together?

- At what speed does the intervention need to be completed?

- Does the system have the capability and readiness if we decide to run this intervention?

- How deep (level of risk) does the intervention need to go in order to achieve the desired outcome?

- In summary, what various design options can we come up with based on the diverse theoretical perspectives?

Role of consultant, mode of intervention, delivered by whom:

- What is the necessary intervention role of the consultant?

- What is the mode of intervention?

- Who should deliver the intervention?

How do you use this list? First, use it to help yourself to identify the options for intervention. Again, you will need to spend a couple of hours thinking through these design questions. Hopefully at the end, a couple of design options will emerge for you to develop further before taking it to the client for discussion. For each option for intervention you come up with, it would be great if you can write a brief about how the process works, what it aims to achieve, who can run the intervention and what resources (people, money and venue) it needs. If there are pros and cons, be prepared to share those too. It would be professional of you to bring sufficient details on each option to enable the client(s) to make informed choices and decisions.

Second, in your next client meeting you may consider spending up to 30 minutes taking your client through the list of design questions before you show them the design, in order to educate them about the process of design. By doing that, you will help to equip them to work with you as competent partners to make informed choices. You could even set up a specific event to upskill your client on how to think through design issues so that they will become savvier in the whole area of intervention.

Third, you can combine an upskilling event with a design event by actually working with the client to do the initial design work. You will find that it is often a pleasure to do that as, despite the fact that the client may not be as savvy as you are, they often come up with fresh ideas that you would not have thought about. After

this, you will find that you still have to take their initial ideas to work up into a proper intervention plan.

I remember the joy I experienced often when, after sharing these concepts with a group of clients, they literally took over the design meeting and came up with some of the most creative intervention methods that I had never thought about. Wisdom does lie with the clients; all they need is for us to share with them the conceptual tools we use to facilitate good design work.

When the initial design is done, it is worth double checking it against the next list.

Make reference to a list of design criteria

In this section, I put all the design criteria together to form a summary grid (see Figure 5.8), with further explanatory notes for practitioners to refer to.

FIGURE 5.8 OD set of effective intervention design criteria

Criteria of effective intervention	What it means for OD practitioner's design work
Be clear on the purpose of intervention.	OD practitioners need to get this clearly spelled out during the contracting phase. It would be even better if the desired outcomes are converted into measurable metrics which will then help in the design stage. It is important that in every meeting, you double check with the client groups whether this has been changed or modified as different data comes in. If, by doing the planning, you realize the purpose is not really realistic, you will need to feed that back to the client and help them to chunk down the objectives in phases.
Be clear about who the targeted group or unit(s) of change the intervention is aimed towards.	Map out the various groups, especially the key group (those groups and individuals that the successful implementation are critically dependent on) that the intervention phase needs to work with. Based on who they are, what role(s) they have in supporting the implementation, their attitude towards the change, their formal and informal power bases – we will have to design an intervention that will engage them. The unit of change concept will also help us to decide whether the whole department, or the whole organization needs to be intervened in order to support the changes we aim to make within the key group.
Be clear about which levels of system and how many of the nine levels the intervention is directed at.	In designing intervention we need to be clear about which of the nine levels outlined earlier we need to aim for. Having clarity about which level can guide us greatly in our design work. What is important for practitioners to bear in mind is that sustainable OD intervention often aims for a minimum of three levels of system even though there is a primary target level.

FIGURE 5.8 (Continued)

Criteria of effective intervention	What it means for OD practitioner's design work
Be clear about the specific areas you are targeted to change – ie Reddy's cube (task or process).	Once we identify the targeted unit(s) of change, we should be specific about the areas we will need to work on in order to achieve the change. Do we need them to understand something better, to acquire different skills, to shift their paradigm, or to learn about a process? Getting the task and process focus right will help us in our design work.
Be clear that you intervene at the right 'depth' (risk) in accordance with the system's readiness and capability.	By depth, I'm referring to how deep, value-laden, emotionally charged and central to the individual's sense of self or the organization's sense of identity. It is an OD rule that we should intervene at a level no deeper than: a) what is required to produce lasting solutions to the issues at hand; b) that to which the energy and resources of the system can be committed. Too risky (too deep) intervention will bust the system especially when the system is neither ready nor capable of coping with the experience or there are simpler ways to achieve similar results.
Whenever possible, structure the activity to contain both experience-based and concept-based learning.	Most of the changes we aim to bring for people, groups and organizations cannot be achieved through a 'talking shop'. While some interventions can be achieved via that channel (especially if it is to increase their head knowledge), most impactful interventions are experiential, working with minds as well as emotions, creating personal experience of the change scenario so that there will be sufficient self-induced force for them to shift. I would say the most successful interventions should have 2/3 experience-based exercises to 1/3 conceptual 'talk at' stuff.
Structure the activity to liberate rather than generate anxiety and defensiveness.	Schein (1996: 27) comments that the key to unfreezing in change was 'to recognize that change, whether at the individual or group level, was a profound psychological dynamic process'. When people face the need to change, three things have to happen to create movement: • disconfirmation of the validity of the status quo; • the induction of guilt or survival anxiety; • creating psychological safety. Schein argued that 'unless sufficient psychological safety is created, the disconfirming information will be denied or in other ways defended against, no survival anxiety therefore will be felt and consequently no change will take place. Those concerned have to feel safe from loss and humiliation before they can accept the new information and reject old behaviours.' Therefore when structuring any intervention activities, we need to pay attention to what we should put in place to induce psychological safety.

FIGURE 5.8 (Continued)

Criteria of effective intervention	What it means for OD practitioner's design work
Structure the activity to increase the system's autonomy.	The intervention process needs to be designed in such a way that participants will learn not only how to solve an issue/improve a practice/invent a new way to do things, but by doing the process, they learn how to learn. In other words, great intervention is while the group works on the task they also learn the process through which the task is done. If it is a team building event, a great intervention is not just having the facilitator do things to them to help them improve their communication, but through participating in the activity, they learn how to do it themselves in the future. This can often be fast-tracked by using the intervention activities that engage the participant as a whole person, drawing participation of not just their role, but their thoughts, beliefs, feelings and strivings.
Structure the activity to help generate valid information, encourage free informed choice and in the process secure the client's internal commitment (Argyris).	If the purpose of any intervention is to secure commitment from the targeted group to the change agenda, then the intervention has to be designed in such a way that will help the targeted group to generate their personalized reason for change. Those processes create the opportunity for them to reflect on the information and decide whether they will support the change or not, eg having a dialogue session with the change leader to debate the pros and cons of the change so that at the end when they decide to shift, they are shifting to the new agenda with clear commitment. This has huge implications on how we design the process.
Use the intervention to help the system to have more congruent communication. Deal with both the covert and overt process of discussion (Marshak).	Marshak (2006) pointed out that much of our communication is covert. In fact during change, five out of the six dimensions of change are covert. Everything does not need to be made overt except when it blocks and trips up the change process. Therefore whenever we can, we should teach the process and skills to members of any system to know how to put things on the table rather than underneath so that the communication will be more congruent and healthy.

Figure 5.8 covers 10 OD criteria for designing effective intervention. Being a pragmatist, I know not all interventions will be able to meet all these criteria. However, the insights from these criteria will increase our chance of delivering effective intervention to the clients.

Summary of possible applications: First, when you have finished constructing the intervention, you can check it against this list for a comprehensive test. If there are more than a couple of questions you cannot answer, then you should look at the design again. Second, you can turn this grid into a simple diagram as a teaching aid to take to your client so that you can equip them to be savvy in assessing intervention. Third, you can use the list with your client as guidance when s/he wants to explore other types of intervention.

Pull together all the interventions you have planned and sequence the events

When the design of the intervention is done, even for a small project, you will have more than one thing to implement. For a complex project, there will definitely be a number of events and activities that need coordinating. The way we coordinate or sequence them should be based on some key principles and practical factors.

The practical factors include:

- How soon can we get these interventions set up and ready to roll?

- How long do our internal change teams need for training and support before they are ready to go?

- How complicated are the logistical arrangements? How soon can we sort them out for a smooth run?

KEY PRINCIPLES FOR SEQUENCING INTERVENTION

I have turned the key principles into question form to help OD practitioners to make sequencing decisions. Some of the points are adapted from the work of Beer (1980):

- **Maximize early success** – which interventions should go first because of ease of execution, and because their success will open doors for the riskier ones?

- **Maximize effectiveness** – which interventions will help to develop readiness, motivation, knowledge and skills required by other interventions?

- **Maximize diagnostic data** – which intervention will provide us with the data needed to validate our design of the key event?

- **Maximize speed** – which intervention will be relatively fast to implement in order to get some early wins?

- **Maximize relevance** – which interventions, if successful, will help the key population feel that the change has a high level of appropriateness in their day-to-day work, and therefore motivate them to participate more?

- **Minimize psychological and organizational strain** – which interventions will create the least psychological anxiety and therefore will generate the least amount of defensiveness so that they don't shut down the receptiveness to future intervention?

- **Maximize efficiency** – how should interventions be sequenced to conserve organization resources such as time, energy and money?

FINALIZE THE INTERVENTION STRATEGY

By now, you should be ready to finalize your intervention strategy – the overall game plan for this phase. The game plan should have the structure shown in Figure 5.9.

FIGURE 5.9 An outline of an intervention strategy

- A clear direction and purpose for the intervention.
- A clear list of people/groups/units of change for whom you are targeting your intervention.
- A clear list of intervention activities.
- A clear timeline.
- A clear sequence of how they will be staggered.
- A team (other than yourself) who will deliver these interventions (if it is a complex set of interventions).
- A budget.
- A project plan pulling all the above together.
- An accountability reporting structure or forum.
- A critical path – administered by a logistics team.

For a complex project, it is important that you get your client system to sign off on this plan (this can be in the form of a project plan). In fact this should become the detailed (second stage) contract that you agree with your client. In practical terms, this also becomes your blueprint to work from. Once you get to this stage, things should be relatively settled but, as you and I know, things never go exactly as anticipated, and the team will also need to learn how to work with emergence to adopt the plan. However, by having a plan, you and your clients can always have something to refer back to whenever the circumstances change and the plan has been blown off track.

Finally, it is important that throughout the intervention design process, you refer to the various theoretical perspectives as this is where you will get a clear methodological steer. If you keep theories in mind from the beginning of the OD cycle, you will be in a position to design a robust intervention as the theories will give you a firm grounding. I have drawn out the various theories and their application in Chapter 2, so I will not repeat them here.

I would like to end with a summary of the tasks and skills of an intervention.

Summary of the tasks and skills required in an intervention

Intervention is the most difficult phase to summarize out of the eight phases of work in the OD cycle. The list of tasks that need to be done during this phase and the types of skills and knowledge that an OD practitioner needs to have depend on the type and level of intervention they are doing. For example, if you are asked to support an organization to move from a functional silo to a cross-process bubble

FIGURE 5.10 Tasks and skills required for the intervention phase

Tasks	OD practitioner skills
1. Based on the data feedback and action-planning decision, work with client to identify the range of interventions that may help the organization to achieve its change objectives. 2. Once the decision is made, you will either form an internal team to: a) teach them how to design interventions; b) involve them to co-design the intervention; or, if the above is not possible, take the lead to design the intervention options based on clear theoretical and methodological premises. Give advice on the sequencing of interventions. 3. Seek approval (even if you are working jointly with the internal client group) from key decision makers of the detail design, especially if the intervention carries a degree of risk. 4. Work out an implementation plan – calculate level of resources needed, on what, with whom. Design a communication plan to enrol participation, set up an event management team, set up central administrative back-up. 5. Train internal people to carry out the intervention if that is appropriate and with permission from the decision makers, or brief other external providers who are brought in to share the load of executing the intervention. 6. If it is necessary to pilot the designed intervention, do that with a few groups, so there will be data as to how to revise the intervention. 7. Set up a troubleshooting team (of which you will be a member) to coordinate the execution of the various interventions (if it is a complex set of interventions). 8. Set up monitoring processes and mechanisms on the impact of the intervention, adjusting the methodology to achieve early success. 9. Put together a communication resource group and feed them monitoring data so that they are ready to communicate the early visible success to the organization to fuel further momentum.	• Provide thought and methodological leadership in the range of interventions the organization considers using (or at least know enough to guide the system in the decision or call in experts in the field to support the design). • Bring sufficient theoretical grasp to the design stage so that the methods designed are guided by theoretical insight. • Have sufficient experience to know how to sequence intervention – advise on which targeted group should go first to gain sufficient momentum for the intervention to spread in an effective way. • Ability to scope out implementation plans – helping client to calculate the practical resources needed to execute the interventions and support the team to work out the logistics. • A commitment to collaborative practice by sharing with clients what and how the intervention will work and involve them in making different decisions at every stage – remember this is the client's work. • A good trainer/developer – design development programme to train internal agents if it is appropriate for them to support the execution of the intervention. • Pay attention to the 'here and now' experience during the intervention event – yours and theirs – and track whether the intended outcomes are being achieved; if not, adjust course if necessary. • Ability to use your presence as a 'safe container' for the clients during the intervention phase as both survival and learning anxiety will be high. • Ability to help clients to treat resistance as something to be understood and worked with as experience, not to be conquered.

FIGURE 5.10 (Continued)

Tasks	OD practitioner skills
10. Stay watchful of the slow adopting groups and see what further support they need in order to be more engaged with the change agenda. 11. Coordinate the different implementation teams to ensure they are all pulling in the same direction. 12. Set up a temporary structure and processes to collect evaluative data.	• Share responsibility rather than build dependency during the intervention phase. • Prepare client to be independent to support and renew itself by the time the intervention phase is done.

organization structure, what needs to be done will be very different from planning a 700-delegate strategic planning conference, which again will be different from planning a four-day leadership awayday to decide the future of the organization. So in this final section, I will attempt to summarize the tasks and the skills required for the intervention phase mainly from a more complex project lens (see Figure 5.10). You will need to scale down or adapt the list according to the type of intervention project you will be doing.

Summary

Intervention begins when we make contact with our clients; from then on, everything you say, signal, hint, suggest and question begins to have an effect on the client system. The way you contract – both task and relationship contracts, the way you support them in deciding what data the system needs in order to inform their decisions on intervention – all these are your 'theory in action'.

The whole purpose of intervention is to help to shift the client system from where they are to where they want to be; therefore the process you choose, the 'what', 'how' and 'who' should be collaborative. Because the more the client does, the more they will own the outcome and learn how to arrive at those outcomes not just once but again and again. If at the end of the diagnostic feedback, the client has no energy to progress, then it is crucial for you to think about what immediate intervention you will need to put in place to help them get engaged and own the data.

During the period of intervention, it is the OD practitioner who needs to keep an eye on the entire process, helping the client system to go through many decision points to make choices of interventions, execute them, monitor them and adjust the methodology in order to deliver the desired outcome.

While we have postponed the discussion of the concept of 'self as an instrument' in intervention until Chapter 10, it is important to remind ourselves that we need to own our role throughout this phase, paying attention to what Burke and Argyris taught. An effective intervener is one who knows sufficient applied behavioural science principles, who is clear about the tasks and skills required in this phase, possesses sufficient knowledge of what constitutes effective intervention and knows how to involve clients to turn principles into an intervention strategy. It is the successful execution of intervention to achieve the organization improvement that makes this job so rewarding. This is an area where we OD practitioners must strive further.

I would encourage the reader to do a tailor-made version of Figure 5.10 for every project you engage in. You can change the second column to the 'change team' competencies. By having a document like this (it is best to do this with your client), you will educate the clients on how to think systematically about intervention.

06

Theories and practices of OD: the evaluation phase

Evaluation ensures the intervention and change programme is working according to its original intention, ie it can and has created the impact in those areas the organization aims for. If the data shows otherwise, further adjustment will be made to ensure those intentions will be met. Yet the evaluation phase has been the most neglected in OD.

No wonder in 30 years of teaching OD, some of the most frequently asked questions are:

'How do you know OD works?'

'What is the return on investment of OD?'

'How do we go about doing evaluation of the effectiveness of our work?'

'How do we and our clients know we actually deliver value?'

This chapter will cover the following:

1 The three roots of evaluation.

2 OD evaluation as part of the OD cycle of work.

3 What is evaluation and what are metrics? What does one measure and how?

   a. The four levels and the fifth level – return on investment (ROI).

   b. The level of system evaluation framework.

   c. Task focus metrics versus process focus metrics.

4 The tasks and skills required for evaluation.

5 How to build the culture of evaluation as an integrated part of our OD work.

6 Summary.

This chapter aims to give an overview of the issues surrounding the evaluation of OD, and by doing so I hope to improve the readers' confidence in knowing that,

regardless of the challenges, ODPs can often demonstrate not only that OD intervention works, but consistent and intentional OD interventions (especially in the form of an OD plan that goes with supporting the organization's strategic plan) will add tremendous value to organizations' long-term viability.

The three roots of evaluation

There are three roots of evaluation. It began in the education sector as university-affiliated social science researchers were commissioned by education authorities to investigate the effectiveness of education programmes – through evaluating students' achievement, as well as teachers' and institutional effectiveness. Its first published results (1886) can be found in the *Journal of Proceedings and Addresses of the 35th Meeting of the National Education Association.*

In 1942, Ralph Tyler introduced a multi-purpose model focusing on tracking process improvement versus just student outcomes. A bill to ensure all US government-funded programmes would be evaluated through a standard protocol for programmes was passed in 1965, and after that, the field of evaluation began to grow in all dimensions.

In OD, Kurt Lewin's work on action research and his research on the impact of leadership style on group dynamics gave emphasis to data-based reflection on how to improve how these processes worked on the ground to produce the impact the system needed. In the 1960s and 1970s, the work by Robert Stakes (responsive approach), Michael Scriven (goal-free evaluation, and summative and formative evaluation), Michael Patton (utilization-focused evaluation, developmental evaluation) stretched our thinking on the evaluative processes – the what, the why and the how.

The third root of evaluation is from the field of training and development. In 1959, Kirkpatrick published a series of articles on the four levels of evaluation. Then Phillips in his 1996 publication added a fifth level to Kirkpatrick's four-level evaluation, which emphasized the importance in measuring return on investment (ROI). He showed others in the field that it is possible to do a cost–benefit ratio analysis.

OD evaluation as part of the OD cycle of work

Evaluation is the final phase of the OD cycle and a key step in the action research framework. The planning of this final phase needs to start at the beginning of the project, at the contracting phase, so that it becomes an integrated part of the ongoing OD cycle of work. In that sense evaluation is both a future-oriented event, as well as part of a matter of recording what happened in the past. The data

collected at every stage will offer a corrective steer to you and your clients in deciding whether the current intervention is working, whether the projected outcomes are happening, and what would be appropriate adjustments. This is especially true for longer-term transformation change projects in which there is really no end point but a resting point at which things are recalibrated and maintained before further changes can proceed. Patton in his book *Developmental Evaluation* (2010) has done a wonderful job in talking about this approach to evaluation.

Kurt Lewin's action research model has played an important role in shaping how we think about and handle the evaluation phase. The action research method is an iterative, cyclical, four-step process: diagnosing, planning, action taking and evaluating action. Its origins derive from John Dewey, who perceived the need to pair research with action in order to solve real-world issues. This is done by involving those system members who have emotional investment and commitment to support the action. Such members will then become actively involved in diagnosing, planning, taking action, reflecting and evaluating the effects of action.

Figure 6.1 is an expanded model of action research which shows sequential steps in evaluation. This ongoing activity requires clear agreement with the client from the start about what success looks like and how the effectiveness of the intervention can be gauged before the work begins. This is a critical starting point because once the

FIGURE 6.1 An expanded model of action research
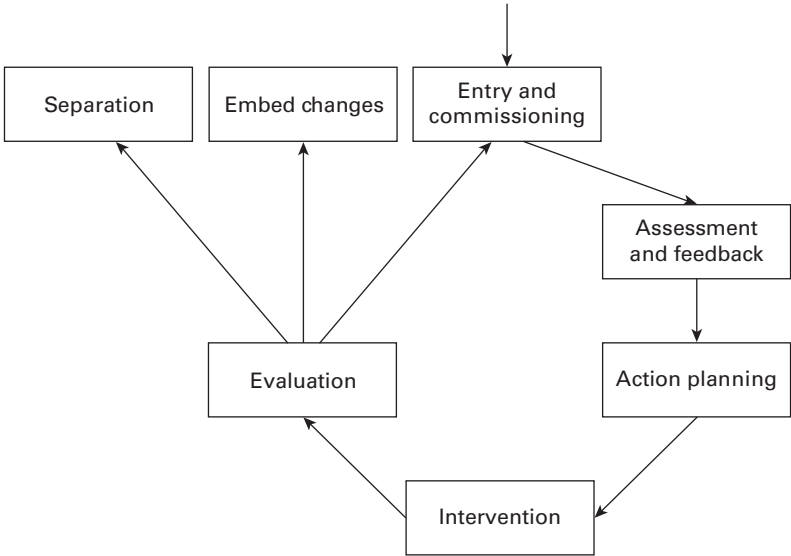
SOURCE Adapted from McLean and Sullivan (1989)

commission has been made clear, the system members will then get involved with the consulting team to assess and feedback continuously (diagnosis), weighing out the various options for action. Once the range of possible interventions has been narrowed down, and then been executed, evaluation will then be an iterative, cyclical process throughout the journey.

Figure 6.2 shows an even more detailed version of the action research model about how evaluation fits into the OD cycle of work. What is emphasized by this figure is that evaluation is showing up in almost every step of the action research cycle. Once the change objectives have been identified, the level of evaluation (organization, individual, change initiatives) will need to be decided before moving into the design of intervention. During the period when the intervention is executed, the evaluation processes will track whether the intervention has been able to deliver those levels of change, and the cycle goes on. Evaluation is being undertaken at many levels, but certainly at the *formative* level (evaluation conducted during the intervention), *summative* level (evaluation conducted immediately after completion of the intervention) and the *longitudinal* level (evaluation conducted at a specified time after completion of the intervention, eg after six months).

FIGURE 6.2 An Organization Development evaluation model

Repeat cycle for new intervention
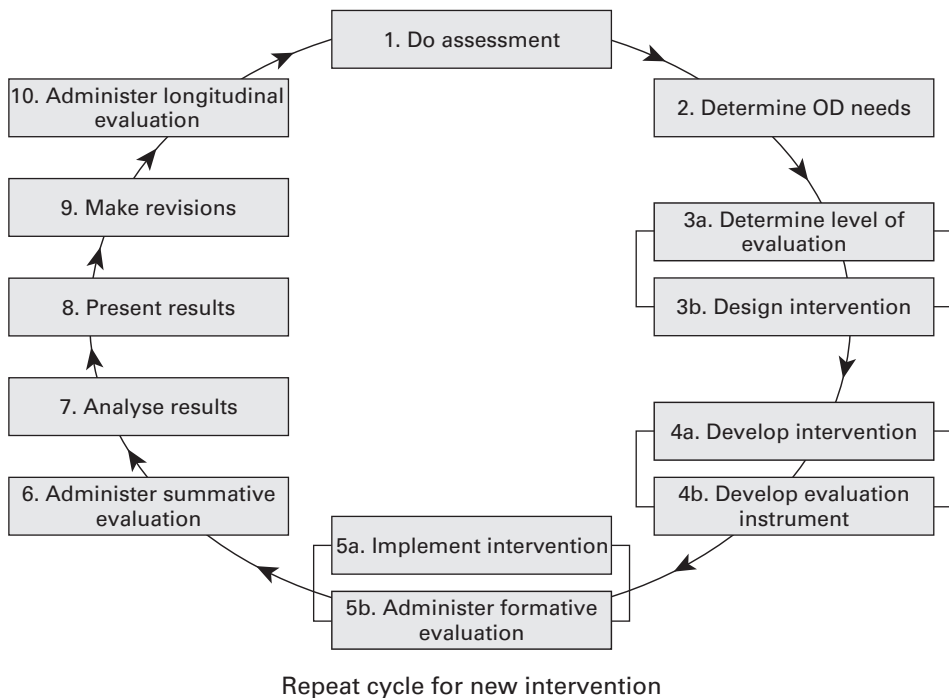
SOURCE Adapted from: Gary M McLean, Roland Sullivan and William J Rothwell (1995) *Practicing Organization Development*, edited by William J Rothwell, Roland Sullivan, Gary M McLean, Chapter 10 – Evaluation

What is evaluation and what are metrics?
What does one measure and how?

In the OD cycle, the evaluation phase has always been the phase that has been abbreviated or omitted. Many ODPs feel ambivalent in carrying out the work of this phase. The reasons that may have led to this phenomenon are:

1   Unlike in 'pure research' or 'hard science', evaluation in OD is associated with social science outcome analysis, which often involves multiple variables and therefore causality is hard to pinpoint. Hence, it is not easy to carry out the 'proof' of what leads to what outcome. Many of the bigger transformational projects also apply complex processes and tools, which makes isolating the causes of the effects very hard to pin down.

2   Among the evaluation community, there is a genuine ambivalence between 'prove and improve' versus 'time and money' (Cady *et al*, 2010). The cost of the effort, time and money to perform rigorous high-quality evaluation of all interventions is very high. If it is too high organizations will need to balance the gain (proving the intervention works and why it works, and how to improve it for the future) with the cost (pulling people from normal work, cost of lost revenues, consulting fees, staffing costs, cost of extra technology needed, etc). This tension leads to the question: what should one choose: the intervention or the evaluation?

3   Also, unlike other evaluation models, the OD perspective on evaluation is more like Patton's concept of developmental evaluation. The analogy Patton used was cooking: 'as we are cooking, we get to taste the sauce/soup. Depending on whether the taste is too salty or too bland, different actions will be taken. And as one goes through the cooking processes, the evaluation becomes more an experiential event, action centered, personal/value (tastes) based, collaboratively contexted, self-reflective, and "situationally responsive"' (Evered, 1985: 439). This is when the science of evaluation becomes an art.

All three factors above make evaluation an intimidating subject for many ODPs. But my advice is, please don't be intimidated. You know and have seen OD interventions work. What you need to do is: a) study and learn how to carry out evaluation; b) find someone in the organization who knows the evaluative processes and get their support and education. The field must accept it is our obligation to be able to answer some of the big questions from clients – 'does this work?' 'What did we gain from doing this?'

What is evaluation? And what are metrics?

It is simply the process of assessment of the extent to which the work undertaken delivered its intended objectives or not. A more detailed definition is:

> Evaluation is a set of planned, information-gathering and analytical activities undertaken to provide those responsible for the management of change with a satisfactory assessment of the effects and/or progress of the change effort.
>
> (Beckhard and Harris, 1977: 86)

Metrics, on the other hand, refers to the specific measures (hence 'metrics') used to assess the outcome. Whether a specific metric is a valid indicator of an OD initiative will depend on the initiative's objectives. If an OD programme aims to achieve better customer relations, then improving rating on customer feedback will be a valid metric, as will increased sales. The choice of metrics is also related to what the organization wants to get out of the OD initiative, and whether the methodology chosen based on available resources is robust enough to secure those objectives. Most evaluations will use more than one metric.

What will we be measuring?

So in evaluation, what will one be measuring? The answer is very much situational – it all depends on the programme/project/intervention objectives and targeted areas of change. Once those areas become clear, then one can decide what to measure, why it should be measured, and how to measure it. I will use four commonly used approaches as an example to answer this question:

- the four levels of measurement by Kirkpatrick;
- the fifth level by Phillips – the calculation of ROI;
- the different levels of system evaluation – eg the individual performance, group performance, the organization performance, and the change programme performance across different time frames of measurement – before the change, early, midpoint, end state and post change;
- task-focused metrics versus process-focused metrics.

FOUR LEVELS OF MEASUREMENT FROM KIRKPATRICK

While originally intended for the field of training, the four levels model for evaluation has been applied to a variety of change initiatives (Russ-Eft *et al*, 2008) and it is in the context outside of training that we will be using this approach.

The four levels are:

Level 1: Reaction (satisfaction level; how people react to the change intervention).

Level 2: Learning (content mastery: whether people have learnt something new that may have helped to shift their paradigm).

Level 3: Behaviour (on-the-job behavioural change: in what ways are people behaving differently and in what directions has behaviour changed?).

Level 4: Results (organizational impact: what outcomes have been achieved through this range of intervention).

Let's look at what needs to be measured at each level:

- **Reaction** is mainly about polling members about where they are in terms of their responses and satisfaction with the intervention. Sometimes it is called the 'happy sheet', but can get more complicated than that. The scope of this is to find out from the participants their 'in the moment' reaction to the intervention.

- **Learning** is assessing how well the participants have understood and absorbed the principles, facts and techniques in a topic/area of change. Since ODPs always aim to transfer OD skills and competencies to system members, it is appropriate for you to measure whether your clients have learnt some of our trade (eg how to run effective meetings or how to conduct appreciative inquiry interviews with service users or how to resolve conflict, etc) in order to be self-sufficient. This is sometimes called 'double-loop learning'.

- **Behaviour** brings the evaluation into the organizational setting – the evaluator is interested in whether the intervention has led to the implementation of real change beyond reaction and learning. The measurements often will be around the 'on-the-job' changes in individual and team behaviour as they execute their roles. Such changes require pre- and post-intervention measurements and observation, eg has a government agency become more citizen-centric in their policy making? Or has it automatically thought about the impact of certain government decisions on citizens as a whole?

- **Results** is usually the most difficult and complex measure. It is designed to measure the impact of the OD intervention on the organization. Measurement aims to examine the intervention's impact on the whole organization. So the measurement may focus on lowering staff turnover or absenteeism rates, improving production quality, increasing customer satisfaction, increasing profitability, reducing racial and gender harassment complaints, etc. Measures of organization impact can be divided into primary and secondary metrics. The primary one may be that a governmental agency becomes more citizen-centric in its service delivery. A secondary metric might measure delivery time – has citizen complaint response time been cut from two days to one day? – especially in a sensitive area such as restoration of electricity after power failure in public housing.

The four levels are useful for you to consider, especially if you combine using them with running the evaluation in a formative way (evaluation taken during the event), summative way (evaluation conducted immediately after the completion of the event) and longitudinal way (evaluation conducted at a specified time after the completion

of the intervention, eg six months after the ending of the event). So if you are running conversation cycles in one department on the topic 'how to build inclusive culture within our workplace', measuring these four levels across formative, summative and longitudinal dimensions will offer rich data on whether you have achieved increased inclusiveness.

THE FIFTH LEVEL – THE RETURN ON INVESTMENT (ROI)

Phillips added the fifth level, ROI, to Kirkpatrick's four levels. This is a pertinent topic for OD because when organization leaders ask us to demonstrate the 'value of OD', most of them mean return on investment (ROI). They want to know whether the work of OD (especially if they have an internal OD function) can be justified by its financial return. While ROI is mainly about money and its formula is universal, the process of calculation is more an art than a science for the following reasons:

1 In order to calculate ROI you need a set of metrics, and you need to assign a monetary value to each of those metrics. The latter process is highly individualized, depending on the nature of the OD activities, the metrics chosen and the decision-makers' perspective on those metrics. For example, assigning a monetary value to absenteeism (by days) is different from giving a poor service to a customer.

2 Another reason why ROI is more an art than a science is that there are harder metrics that are more visible, more tangible and easier to measure, and softer metrics that are less visible, less tangible and more difficult to measure. The word intangible may be a bit misleading because sometimes such data can have more significant impact on the organization than the harder data, and yet it is tough to translate into monetary value. For example, the decrease of racial harassment complaints may be easier to calculate than the increase of psychological safety among Black staff.

I believe most metrics OD practitioners deal with can have a monetary value assigned to them because within any organization, there are sufficient interested colleagues, eg from finance, from regulatory functions, from project planning, etc, who take interest in the topic of evaluation and who will be eager to work with you to do the calculation in a methodical and rational way. Evaluation is a subject that can bring multiple interested parties together, something ODPs often overlook. The critical message is that the less tangible metrics often present interesting challenges to those who know about evaluation, so you must not shy away from them.

CASE EXAMPLE

Let's take as an example executing the intervention of 'running conversation cycles' in one department with over 1,000 employees, on 'how to build inclusive culture within our workplace'. We have decided beforehand that the outcome measure should include:

- fewer racial harassment grievances cases;

- less team conflict among the 10 teams within the department;

- more collaboration between the three functional groups of staff where in one functional group the majority of staff are black; and

- more united representation to the service user.

Once these outcome measures are decided, you can assign monetary value to each of the outcome metrics. With that, together with the cost of running the intervention – the cost for consultants as well as use of staff time – the ROI of this event can be calculated.

Figure 6.3 gives examples of a range of metrics I have used in my work. From the list you can see there are many types of metrics and no one formula can be used to assign monetary value to them all. Each metric would have to be considered and studied by those who know that type of activity well before someone could step forward to put a pounds or dollars sign on it.

How do we go about setting up evaluative metrics? What should you do?

I would suggest you: a) draw on the views of those who will be participating in the change intervention; b) draw on the expertise of other colleagues who know how to undertake evaluation; or c) pay for a one-off consultation with external experts in the areas. The internal expertise often can be found from finance, project management and/or research departments.

From my experience, in whatever areas I want to set up metrics, I will go to those local line leaders who are responsible for the area I want to measure because they are much closer to the operational area or functional area to be measured, and given time and good facilitation, will always be able to work out the monetary value on the metrics from that area.

FIGURE 6.3 Sample list of monetary metrics based on clients' chosen indicators

Example of metrics	Example of metrics
• Staff retention rate rises • Job performance errors down • Increased sales figures • Customer complaints decrease • Employee time to do a job reduced from four hours to two hours • Unscheduled absences down • Sexual or racial harassment complaints down	• Delegates' reaction to an intervention event • Degree of learning and application of new methods in work • Better public image • Customers recognize the brand • Policy adoption rate by departments • Employee satisfaction rate linked to employee turnover rate

FIGURE 6.3 (Continued)

Example of metrics	Example of metrics
- Increased customer satisfaction index - Take-up of new technology rises from 60% in projected six months' time to 80% in 4.5 months - Innovation time from ideas to market shortened - Lost time accident rate (preventative measures lead to drop in rate) - Core work process reduction in steps and time - Roll out of development programme hitting 100% target rate	- Work group conflict frequency – time to resolve issues - Work group collaboration – reduction of process steps as a result of collaboration - Team performance – longitudinal mapping of improvement - Supervisors' time spent in resolving conflict between individuals - Rating of managers and leaders and how that links to individual performance - Reduction of stress level - Increased sense of well-being - Improved psychological contract from survey results

While the specific strategy will vary from programme to programme because of the objectives and the metrics used, the basic formula for ROI remains the same.

Formula of ROI (Return on Investment):

$$\text{ROI (\%)} = \frac{\text{Net programme benefits}}{\text{Programme costs}} \times 100$$

Before you can calculate the return on investment, you need to know: a) the total cost of the intervention; b) the net benefit of the intervention. The latter will involve turning organizational impact data into monetary values. This will require you and your client to place a value on each metric they have chosen as 'dependent variables'.

For example, suppose the change programme is a major customer relations campaign. You have done a number of interventions, and in the commission stage, your clients and you have decided the following areas (dependent variables) will result from the intervention:

- improved customer response time through trimming the processes;

- drop in customer complaint rate;

- increased customer satisfaction rate;

- increase in sales;

- improved rate of retention of customers.

Figure 6.4 is an example of the sort of value the organization may put on these five impact variables.

Add up all the values in those five areas to obtain a total value; deduct how much the customer relations campaign cost and divide by the programme cost to calculate the ROI of this OD intervention. This is conventionally presented as a percentage.

FIGURE 6.4 Example of financial value assigned to impact variables

Impact variables	Financial value put on each of the variables
Improved customer response time through trimming line processes	Calculate the value of going from an average response time of, say, six hours to four hours as a result of trimming the processes. This is two hours of employee wages and benefits (x number of employees doing this job) + the value that the customer relations manager puts on the increased number of customer inquiries processed within a week + the value put on goodwill feeling from customers = the monetary value.
Drop in customer complaint rate	Calculate the cost of each hour spent in handling each of the complaints + the financial compensation given out to customers per quarter. Then factor in the specific percentage drop in hours handling complaints and the drop in compensation to calculate the value.
Increased customer satisfaction rate	Calculate the value of the 'goodwill' factor from satisfied customers and do a conservative estimation of whether: a) that will generate more sales; or b) there will be more referrals – hence new customers.
Increased sales	Calculate the profit contribution of additional sales.
Improved customer retention rate	Calculate the value of each retained customer and their average spend versus customer loss and their average non-spend.

For example, if the estimated gross programme benefits are £800,000 and the customer relations programme cost £250,000 then the ROI will be:

$$= \frac{800,000 - 250,000}{250,000} \times 100$$

$$\mathbf{ROI} = \frac{550,000}{250,000} \times 100$$

$$= 220\%$$

Which means each £1 invested in the programme returns approximately £2.20 in net benefit after costs are covered.

Let's look at another example. If we undertake a staff engagement exercise, and based on the value assigned to the set of metrics, our gross programme benefit (cumulative value from a set of metrics) is £581,000 and the cost of running the programme is £229,000 then the ROI of the programme is:

$$= \frac{581,000 - 229,000}{229,000} \times 100$$

$$\mathbf{ROI} = \frac{352,000}{229,000} \times 100$$

$$= 154\%$$

This means each £1 invested in the programme returns approximately £1.50 in net benefit after costs are covered.

When calculating ROI, it is wise to stick to the 10 guiding principles (Phillips, 2002) to ensure your approach is conservative (accurate without exaggeration) and that the impact study can be replicated, making it a crucial part of the organization evaluation practice (Figure 6.5). Please refer to Phillips for a fuller explanation.

The levels of system evaluation framework, and timelines

In 2013, Prosci undertook a study asking over 822 respondents how they measured and reported on their effectiveness, measuring whether changes occurred at the individual level, at the organization level and what value was added from applying change management. As a result, a meta-analysis of the responses yielded the change measurement framework.

In this framework, practitioners pointed out three interesting questions:

1 How effectively did individuals bring the changes to life in their behaviours?

2 How much value did the organization realize from the initiatives?

3 How well did the practitioners 'do' change management?

The first two – individual and organizational results – measure the outcomes in the change, while the final level measures the successfulness of the implementation of change management activities. Prosci suggested that we look at each level in turn across the three time frames, early, middle, late, to get a multi-layered view of change management measurement. We use a variation on the Prosci model with four levels and five time frames.

Let's take a look at each level of change.

For the *organization level of performance*, you will focus on the overall results and outcome of the change initiative on the organization. This dimension asks whether the intervention has delivered the expected benefits and improvement in performance. The key questions that often get asked at the organization performance level are related to the *nature* and *objectives* of the change, eg restructure the organization *so that* the organization can save cost; doing a culture change project to promote greater diversity and inclusion behaviour within the company *so that* there will be reduction of 'diversity related' conflict and greater collaboration across diverse teams; or assigning all 80 top leaders a coach *so that* they will become facilitative leaders to their people, etc. Based on the change agenda, concrete metrics, eg cost, revenue, efficiencies, risk, quality of relationship, the rise or drop of harassment cases, improved survey results, etc, it is at this level that the organization measures overall outcome of specific intervention.

For the *group level of performance*, most often the evaluation questions asked, if the group is a team, will be whether the intervention has led to better communication between members, if there is more knowledge sharing and work collaboration between members, if the civility level between members has increased, whether the
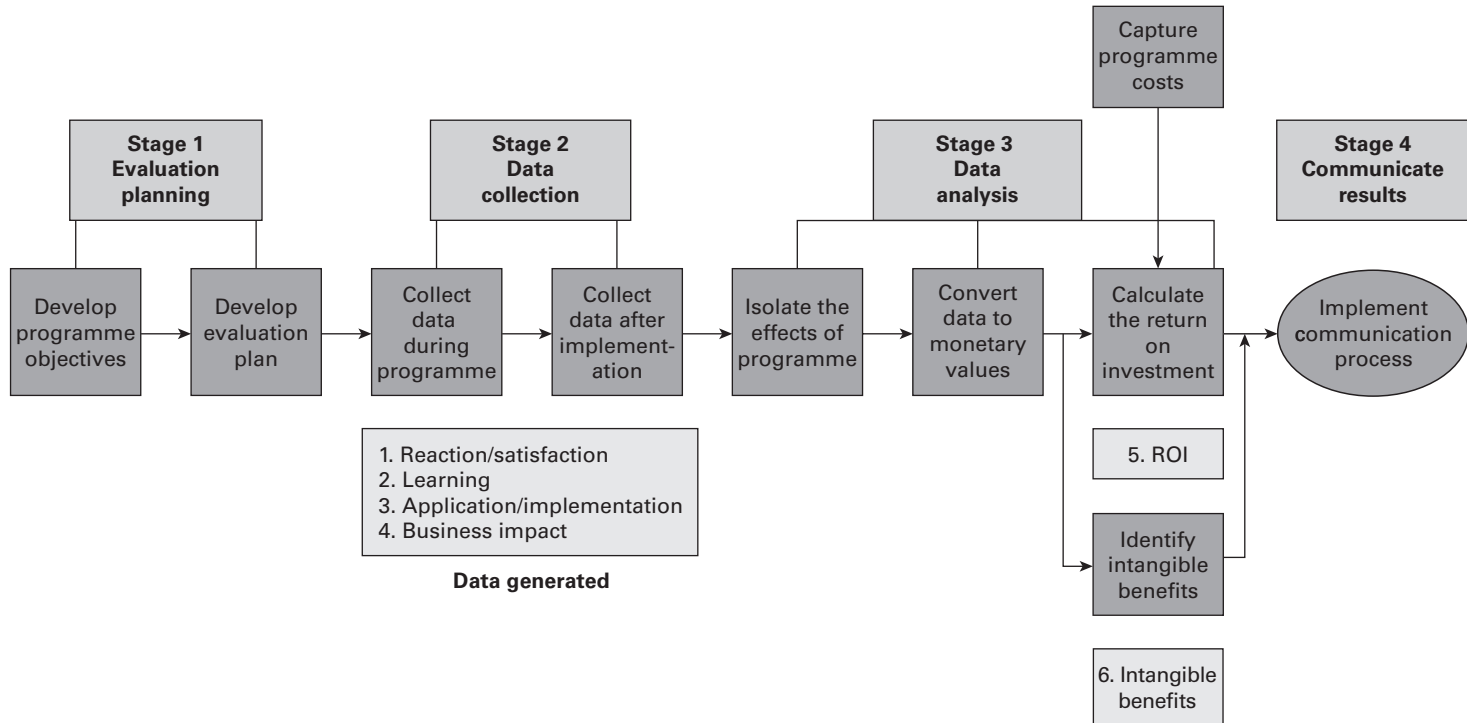
FIGURE 6.5 Ten principles of implementing ROI measurement

1. Report the complete story	When conducting a higher level of evaluation, data must be collected at lower levels. ROI is a critical measure, but it is only one of five measures necessary to explain the full impact of the programme. So, lower levels of data must be included in the analysis as they provide important information.
2. Conserve important resources	When an evaluation is planned for a higher level, the previous level of evaluation does not have to be comprehensive. Lower-level measures are critical in telling the complete story, and cannot be omitted. However, short-cuts can be taken to conserve resources.
3. Enhance credibility	When collecting and analysing data, use only the most credible source. Credibility is the most important factor in the measurement and evaluation process. Without it, the results are meaningless. Using the most credible source will enhance the perception of the quality and accuracy of data analysis and results.
4. Be conservative	When analysing data, select the most conservative alternative for calculations. This principle is at the heart of the evaluation process. A conservative approach lowers the ROI and helps build the needed credibility with the target audience.
5. Account for other factors	At least one method must be used to isolate the effects of the programme. This step is imperative. Without some method to isolate the effects of the programme, the evaluation results are considered highly inaccurate and overstated.
6. Account for missing data	If no improvement data are available from certain quarters, assume that little or no improvement occurred. It damages the credibility of the evaluation to make assumptions about improvements you cannot be sure of.
7. Adjust estimates for error	Adjust estimates of improvement for the potential error of the estimate. Using estimates is very common in reporting financial and cost-benefit information. To enhance the credibility of estimated data used in ROI evaluation of improvement programmes, estimates are weighted with a level of confidence, adjusting the estimate for potential error.
8. Omit the extremes	Extreme data items and unsupported claims should not be used in ROI calculation. Steps should be taken to be conservative in the analysis when we have extreme data. For example, if you have a list of numbers all ranging from 30 to 70 and one 100, that 100 would be considered an outlier or extreme data item. Extreme data items can skew results – omit them from analysis.
9. Capture annual benefits for short-term programmes	Only the first year of benefits (annual) should be used in the ROI analysis of short-term programmes. If benefits are not quickly realized for most improvement programmes, they are probably not worth the cost. For more extensive programmes, where implementation spans a year or more, then multiple year benefits are captured.
10. Isolate all programme costs	Programme costs should be fully loaded for ROI analysis. All costs of the programme are tabulated, beginning with the cost of the needs analysis and ending with the cost of the evaluation. As part of the conservative approach, the costs are loaded to reduce the ROI.

SOURCE Adapted from Phillips (2002)

FIGURE 6.6 The return on investment methodology model

Stage 1
Evaluation
planning

Stage 2
Data
collection

Stage 3
Data
analysis

Stage 4
Communicate
results

Capture
programme
costs

Develop
programme
objectives

Develop
evaluation
plan

Collect
data
during
programme

Collect
data after
implement-
ation

Isolate the
effects of
programme

Convert
data to
monetary
values

Calculate
the return
on
investment

Implement
communication
process

1. Reaction/satisfaction
2. Learning
3. Application/implementation
4. Business impact

Data generated

5. ROI

Identify
intangible
benefits

6. Intangible
benefits

team's overall performance has improved faster than before, and if there is less absenteeism in the team.

For the *individual performance* indicators, an interesting question for the evaluator is how to measure individuals' transitions and their transformation journey, eg individually increased self-awareness, understanding and commitment to the change. When individuals in the organization experience changes in the way they work, regardless of changes in the system, there will be progress at this level. What indicators will help show the individual shift in behaviour, mental model, etc? Kirkpatrick's four levels may be useful here.

Change management performance is focused on the significant contributions that the change management (CM) programme has made to organization outcomes. The evaluation of change management in many consultancy firms is to show the contribution that effective CM makes to delivering change results. Have the CM processes managed to drive adoption (individuals working in the new way) and usage (being more proficient and capable)? This measurement is interesting because it is looking at how effective the change approaches are. This is an area where we can use comparison between the traditional change approach and OD types of approaches to see whether there are any differences. But of course, this last measure is very much linked to one or more of the first three levels.

As for the timeline, when we track the progress, it will make sense for us to track before any intervention is done, then during the early stage of the change, midway through the change and when the change is finished, plus at a fixed time after the change programme ends. These four levels of outcome and five time frames for measurement – outcomes measured across time – will help to create a holistic assessment of change impact. Hopefully from this cumulative data we will get some data on: 1) how much value the organization realized from the initiatives; 2) how effectively the group's health improved – in both performance and health; 3) how individuals brought the changes to life in their behaviours; and 4) how well the practitioners carried out the change management.

FIGURE 6.7 The multi-layer dimension of the four levels of performance outcome across five time frames

	Pre-change	Early	Mid-term	End state	Post-change
Organizational performance					
Group performance					
Individual performance					
Change management performance					

As a final note on what to measure, a frequently asked question is whether one should be measuring the impact of a specific intervention, or the composite effects of different interventions, or the overall impact of an OD project. There is no clear-cut answer to this question. It is important to help the client to be clear about what s/he needs to measure as required by the organization. When s/he asks whether doing this project will work or not, check whether s/he is concerned about the overall impact of the project as a whole or of the various interventions you and s/he have decided to use. My view is one should be less concerned with the impact of a specific intervention in more complex projects, and instead focus on measuring the overall impact of the package of interventions, however, this has implications for the timing of evaluation.

The other issue to consider is the size of the project you are doing. If you are doing smaller projects, often you will be asked to measure the specific intervention, eg team building. Remember, depending on what the intervention aims to achieve, what you measure will differ significantly.

Figures 6.8 and 6.9 are two examples of the types of intervention results you can measure. Figure 6.8 summarizes the evaluation of a 12-month, cross-agency regional OD capability-building programme in the North East of the UK. Figure 6.9 is an example adapted from the work of Porras and Berg (1978) for use in another transformation project.

Task-focused metrics versus process-focused metrics

While both OD practitioners and their clients understand the importance of the *task outcome metrics* – as they help to show how OD initiatives are supporting the organization in a concrete way – OD practitioners also value the *process outcome metrics* because you want the client to take on board the process value of the methodology you use to develop long-term renewal capability. So you need to grasp the differences in what you aim to measure when evaluating processes rather than outcomes. The classic work of Golembiewski *et al* (1976) helps to provide some insights to this debate. According to them, there are three types of change results OD practitioners should aim for, and hence measure. They are:

- **An alpha (α) change** is a difference in a measure *before* and *after* an intervention. For example, if the frequency of conflict has lessened after a conflict resolution intervention, then one would say that an alpha change has occurred.

- **A beta (β) change** is a reassessment of the dimension in question. So it is not whether there was an increase or decrease of conflict after the intervention that is measured but whether there was a shift of perception about the definition of conflict. For example, if there is a shift of understanding that conflict is neither bad nor good, the team just needs to view the differences with greater discernment – if the members understand when it is legitimate to have conflict and when it is not,

FIGURE 6.8   Evaluation framework for a regional, cross-agency OD capability programme

Individual

Group

Stakeholders

Individual

Group

Organization

Group

Individual

Organization

Reaction

Learning

Behaviour

Results

Overall reaction

Level of satisfaction

Perceived values

Perception of how the 'package' of offering contributes to their stretch

Group experience of working together

Growth in trust with each other

Perceived value in delivering programme objectives

Have ideas during the event about how to apply learning

Find opportunity soon after the event to apply what they have learnt

Reflect on their experience of applying new skills/knowledge and look for more opps to apply learning further

Has the cohort found innovative ways to apply learning to project design?

Has the group learnt through application experience and grown as a group?

Does the group continuously find more ways to apply learning?

Do the individuals change their approaches to service delivery through their learning?

Do the individuals change their workbase behaviour due to their learning on the programme?

Does the group challenge their own behaviour in order to improve their output?

Does the cohort behave differently with each other? Pay attention to group only norms?

Do the teams these cohorts come from begin to be influenced by their colleagues' behaviour?

Have the orgs (where the delegates come from) developed a service delivery improvement project?

Do the orgs represented in this prog begin to do more joint work projects?

Does the project produce intended results to improve a specific service area?

Is there greater customers'/users' satisfaction with NE Authority service?

Does this prog continue to help the NE to have the best run LA?

what sort of conditions will lead to the reaping of synergistic results from conflict and so on, then a beta change has occurred.

· **A gamma (γ) change** is a complete reframing, redefinition and re-conceptualization of the key domains that affect the team or organization. This type of change result involves a shift from one state to another. Staying with the same example, after the intervention, the members of the system may conclude that in order to achieve more healthy working relationships they need to pay attention to how the system as a whole works – eg clarity of roles and responsibilities, how knowledge is shared, what support structure is needed, how various work processes need to link together. In the long term, it is such general systematic improvements that will help the team to work better together. Shifting from focusing only on conflict

FIGURE 6.9   Evaluation framework for a transformation project

Production efficiency
Production levels
Processes effectiveness
Economic outcomes (Profit/Loss)
Workforce efficiency in comparison to competitors
Project team performance
Economic performance
Absenteeism ratio
Project team relationship
Turnover
Project and meeting management
Organization
Workforce characteristics
Quality of relationship
Group
Competency level
Performance leader
Outcome variables
Leader performance
Talent pools
General performance
Individual
With succession planning process
Performance ratings
With work unit climate
Skills & capability level
Satisfaction
With pay
Job effectiveness
With colleagues
With work group
With company
With job
With supervisor

management to building more general collaborative organizational culture is what gamma change is about. The ability to gain understanding of the height and breadth of the issue (from a systemic perspective with a corresponding ability to solve the issue) in a more holistic fashion will constitute a gamma change result.

The tension OD practitioners face is how to keep to their commitment of offering process value to an organization while bearing in mind that it is the outcomes the client needs to have – eg increased profits, turnover and productivity, and lower costs.

It is important to clarify that it is definitely not practical for any project to measure all the areas listed in Figures 6.8 and 6.9. They are there as options for you to consider. However, it is important for you, after initial consultation, to draft an evaluation framework to take to your clients to help them to identify the most

important outcome variables they want their OD project to achieve given the stake-holders' perspective. Sometimes giving the client more options will help them to make choices.

Evaluation methods

There are many evaluation methods available. In OD evaluation is an intervention and therefore you can draw from the many intervention techniques. What method to choose depends on the purpose of the evaluation exercise. It is important that the decision on what to measure is made by your client based on a number of factors, eg the resources and capabilities available (see Chapter 5). For now I just want to raise two issues about the 'how' question for you to consider when doing evaluation. One is about the evaluative methods. Figure 6.10 provides a range of evaluation methods applicable to different system levels. This is only a sample list for your referral. The other is about the evaluation process that is listed in Figure 6.11, which outlines the evaluation process map you can use with your clients.

FIGURE 6.10 Sample list of evaluation methods

Any level	Individuals	Groups	Total organization level
• Interview • Questionnaire • Observation • Focus group • Secondary information • Supplier feedback • Customer feedback	• Individual interview • Standard assessment tools • 180/360-degree review • On-the-job observation to capture actual application • Tests and assessments to measure the extent of learning/knowledge/ skills gained or enhanced • Self-rating and assessment • Peer feedback • Supervisor feedback	• Group interviews • Focus group • Cross-group review • Action plans to show progress with implementation of group agreement • Other partners' feedback to a specific group performance • On-the-job observation of the whole group • Follow-up questionnaire • Cross-departmental review	• Survey of questionnaires • Business performance index • Specific performance records and operational data • Funder feedback • Customer and user feedback • Partner and strategic alliance feedback

FIGURE 6.11 Questions for starting up the evaluation process

Crucial questions	Further detail
What is my intention in collecting these data?	• How will I/we use the data?
How do we revisit the essentials?	• What are our project objectives? • What do we want to achieve? • How do we know we have achieved what we set out to do? • Does what we want really matter?
What do we want to measure and at which level?	• Participant reaction • Participant learning • Participant applying learning to job • Change in behavioural measures • System improvement • Relationship improvement • Change in culture • ROI • Others
Do we have the right balance of measures?	The need for balanced measures: • Need a good debate as to what should or should not be measured and which results provide the most valid evidence of the impact of the intervention • Soft measures – attitude, climate, reaction • Hard measures – output, quality, cost, time
How will we continue to follow through the evaluation journey?	• Develop an evaluation plan (evaluative processes) • Plan data collection • Data analysis process • Communicate results • Who will pick up the action points to adjust the change programme after the feedback of the evaluation data?

The tasks and skills required for evaluation

I have mentioned that evaluation is seldom taught in OD education and therefore most OD practitioners have limited knowledge about how evaluation is done. The time has come for those who are involved in OD education to introduce this subject to the educational curriculum.

Evaluation in applied behavioural social sciences carries a different connotation from in hard science. The former has a complex mixture of variables from which it is hard to distil single-factor impact on particular areas. When there are multiple factors

that impact on a particular outcome, pure causality will be difficult to establish. Having said that, it is important for OD practitioners to find feasible ways to demonstrate the value of their work. For OD evaluation, it is important that we do not just undertake the historian role in evaluation, but also look forward to predict what we should do better in the future (Patton, 2010). Therefore, all OD practitioners should be encouraged to develop relevant process protocols that could be used in their contracting stage for the clients so that the evaluative phase will become a clear part of the OD work. Figure 6.12 gives a suggested list of the skills required during evaluation.

FIGURE 6.12 Tasks and skills required of the practitioner in the evaluation phase

Tasks	OD practitioner skills
• Refer back to purpose and required outcomes of the intervention that were identified during commissioning phase.	• Political sensitivity to ensure the multiple stakeholders all have a say about what they want the OD project to achieve.
• Help clients to determine whether or not what they want can be achieved, within the nature of the intervention and given budget, timescale and level of involvement from people within the organization.	• Understanding of the role of evaluation within the OD cycle and how to raise the subject of evaluation during the contracting phase; knowledgeable enough to decide what can and cannot be achieved based on the nature of the project.
• Help clients to agree the general area of evaluation and the corresponding relevant metrics.	• Know how to build evaluation methods and approaches into the OD programme of work.
• Build the evaluation areas and metrics into the initial contract with a clause 'subject to mid-term review'.	• Working knowledge of how to carry out evaluation measures and the methods to obtain those measures.
• Set up tracking mechanism from the beginning of intervention – so that evaluative data can be collected throughout the project life and used to adjust the intervention approach.	• Know how to set out evaluative tracking processes to obtain data throughout the OD programme. • Ability to coordinate the data collected to give regular reports to clients.
• Involve internal change agents to do evaluative data gathering to increase project ownership. Use evaluative process to reinforce the change process with energy and commitment.	• Understanding and experience in knowing how to calculate ROI and work out monetary figures to metrics chosen.
• Present coherent evaluative data to clients; involve them in analysing data.	• Ability to bring multiple stakeholder groups together to do the above.
• Help clients to determine what actions to take to adjust the outcome of the intervention – reinforce what works, address what does not work, design further interventions, etc.	• Ability to build longer-term strategy to help organization to treat evaluation as an integrated part of their strategic planning work.

Evaluation is one of the key phases of the OD cycle. In order to embed the OD cycle in the organization's culture, we need to help the organization to see evaluation as part of our developmental work within the organization. I end the chapter with eight tips on how to do just that.

How to build the culture of evaluation as an integral part of OD work

For OD to survive and thrive in these complicated times, you and I need to be more savvy in measuring and demonstrating the effectiveness of our work. The way to diminish the strain of evaluation is by making evaluation an integral part of your organization's operation protocol. Not only will that increase the confidence of purchasers and users of OD services in what the field can offer, but people will be more willing to learn how the field operates. The following eight strategic steps will help to make evaluation an integral part of your OD work. Some of these actions are easier for internal OD practitioners, but external OD practitioners can also gain legitimacy to influence ongoing clients in these directions.

Build in evaluation discussions from the beginning, starting with the contracting process

Evaluation questions need to be built in as part of the contracting questions when you first explore the project with the potential client. Questions like those listed below can be your guide in those initial conversations.

Specific project questions:

1 What do you want to get out of doing this project?
2 What would success look like to you?
3 If I were to ask other stakeholders in your organization about the desired outcomes they want from this project, what would they say? Similar to or different from your view?
4 What types of metrics will satisfy the key decision makers in this project? What are the reasons behind such metrics?

General questions:

1 What does organization effectiveness mean to you and your organization?
2 What type of OD effort do you need to invest in to achieve the above?
3 What issues (organization variables) will affect the outcome of our work? What are your hunches about the reasons behind this?
4 How can these organization variables be controlled sufficiently for you to determine the cause and effect they have on each other?

5 How would you go about measuring the impact of this intervention on those areas that you suspect to be affected?

6 What do you expect and want to achieve through this change?

7 Who do you think should get involved in this evaluative research? How will the data be used and by whom?

8 Who needs to own the evaluation data in order for this change to create the type of impact it needs among the leaders, the managers and the staff?

Answers to the above questions will help to set the evaluative framework and guide you on how to evaluate the intervention even before the design stage.

Align OD efforts/programmes to the organization's strategic priority

Most of the senior leaders live in the 'input' and 'output' world. They are highly aware of the external factors that are impacting on the organization, which they and the top team need to manage. They also know what 'performance output' the organization needs to keep producing to justify its place in the market/world. But what they seldom do is to pay attention to the 'throughput' – the alignment of the organizational internal variables to support the strategic priorities. So your role is to ensure that leaders understand that if they are to realize their external ambitions, someone needs to support them in doing the corresponding adjustment of the organization's culture, organization design, systems and processes, human capability, climate, skill match, etc, so that the organization is moving coherently towards its goals. Since having corresponding strategic plans and OD plans is not a habit for most leaders, most organizations do not have a brilliant record in delivering their strategic ambitions. Your goal therefore is to help senior leaders to commission an OD plan every time there is a new strategic plan. By helping the leaders to have a matched external and internal plan, you will have moved OD into the 'power elite' of the organization, not to mention you will have tied the evaluation of OD to the measurement of the organization's ability to implement its strategic priorities. This is the second condition that aids effective evaluation.

Link OD initiatives to the core business areas

Next is to link OD initiatives and interventions to the core business areas that senior leaders are most concerned with. For example, growth in market share in a particular region, cost cutting in certain areas of the supply chain, effective workforce deployment (keeping cost to a minimum), keeping talent as the key competitive tool (fantastic human capital), delivery of research and innovation faster than competitors (product launch before competitors), retention of customer loyalty (compete by service excellence), etc. Different organizations from different sectors will have different pressure points. But the key point is if you have managed to support the

organization to scale higher ground, your esteem in the organization will be raised. As an internal ODP, you will need to look at which projects to invest your time in – mainly through the organization or leadership lens. There are many (very kind) ODPs who will keep doing certain types of OD project that have only a weak link to the organization's priority; if you are this person, you need to be prepared to hand over the project to someone else, or advise the organization to drop certain projects.

Build a strategic partnership with other professionals to ensure you improve your evaluative methodology

Many functions within an organization have a shared interest in evaluative methodology. Therefore, to widen your perspectives and broaden your resources, you need to build strategic alliances with colleagues from other disciplines, eg strategists, social researchers, project management colleagues, HR colleagues and finance colleagues. Minimally, you need to discover whether there is an evaluative framework that applies to all corporate functions/projects. If there is, then you can work with others to create or revitalize a consistent research framework to demonstrate the value of OD. Once that is done, it is important to share that framework with any external contractors if they are called in to support change work.

Continuous education of clients on the value of evaluation

We have mentioned how important it is to educate leadership about the role of evaluation within a continuous learning and improvement culture. Helping leaders to see the process value and outcomes of OD initiatives will help leaders to be more informed clients. See Figures 6.2, 6.3 and 6.4 for this concept. Another way to increase the literacy of the leadership is to put evaluation on the leadership development programme, helping leaders to get interested in evaluating not just an OD project but also other strategic projects. In a leadership conference, help the senior leaders to design and run a session that involves others in coming up with different metrics that matter to the organization's general well-being.

Finally, set up an 'OD friendly' advisory group (make sure some members are from the protégé group of senior leaders) to chart the process value of any OD project. As a back-room support and monitoring group, this group will also have a longer-term educational impact on other key individuals within the organization. Any of the above will help the clients to see that evaluation is part and parcel of the work itself.

Encourage senior leaders to commission the OD project and define the metrics

The sixth aspect is to facilitate senior leaders in becoming the true commissioners of any OD project. For example, suppose the organization has a very low engagement

score from the last staff survey and before you, the OD practitioner, jump to the conclusion that this is a critical area that needs an intervention, it will be better if you create an opportunity to show the data to the senior leadership team – so that they will take the initiative to inquire and explore what the data means to them and whether they think the situation requires attention. It is then that you can work with these leaders to decide the purpose of the OD project, the range of outcomes they want to achieve through this project and what success would look like for them. Let them know they are the commissioners of this project. Should some helpful HR colleagues come along to save senior leaders' time by being the commissioners themselves, you will need to work with the HR colleagues to go back to the senior leaders and ask directly for their commission.

Senior leaders take ownership of evaluative data by deciding who, what and when

Once the project's value has been established during the contracting stage, you need to agree with the senior leaders *who* should get involved in refining the metrics and criteria for evaluation, *when* are the appropriate times for evaluation to take place, and *what* methods should be used. If the leaders are not ready for this discussion then it is the job of the OD practitioner to draft something and get back to the senior leaders as soon as practicable to get their approval.

Why is this important? Ownership of evaluative data by multiple and diverse stakeholders who may hold different views about the change is a way to ensure that when the evaluative data come out, no one will discount the results.

Asking senior leaders to agree who should get involved will inevitably mean you will have on the evaluation team some of the trusted protégés, and/or credible seconds-in-command of the senior leaders. Having nominated these people, the leaders will be more receptive to the data because they are trusted people – not HR or OD people. This condition supports evaluation.

This is the political aspect of evaluation that OD practitioners often overlook and suffer the consequences.

Write up case studies of good evaluative practice to show others how to do it

Finally, this is an area where widespread sharing of knowledge is called for. Conducting a search for articles in this area, I found very little has been published. As practitioners, if you have done a good piece of evaluation work for the change programmes you have introduced, it is important to write it up, publish it, or at least share it among colleagues.

Now that the eight areas that you will need to focus on have been covered, let's end this chapter with the tasks and skills of an evaluator.

Summary and quick reference for evaluation

The field of OD exists to ensure organizations achieve effectiveness for those who work for them and for those who benefit from them. OD practitioners put theory into practice to design interventions to help organizations to achieve that. In doing so, you and I intend to do good rather than harm. Sometimes, your clients and you can both testify that indeed is the case. Sometimes, you feel you did not achieve the process objectives, but your clients are satisfied. Sometimes, you feel you did well, but the outcome is not clear to the client. Behind this dichotomy lies a complex set of issues, eg issues about power, the sharing (or not sharing) of understanding and paradigms between you and those you serve, the tension between a scientific versus organic assessment paradigm and methodology, and your own lagging behind in your diligence in making evaluation as part of your core work with clients.

In this chapter I have covered the OD approach to evaluation – conceptually, methodologically and practically. By placing evaluation at the heart of your processes of intervention (the OD cycle), by building evaluation into the fabric of the organization and by educating organization leaders on evaluating OD interventions you equip yourselves as practitioners and your clients to prove the worth of OD.

On a tactical level, you will need to take heed of the following five points:

- collaborate with your clients in the evaluation effort (the action research model);
- develop a research (evaluation) strategy and make that clear to clients from the point of entry and contracting;
- develop a research (evaluative) design that is tied to the diagnostic model – and use it consistently at every phase of the OD consultancy cycle;
- study business metrics in other disciplines to stay on top of the discussion;
- aim to lead/teach/provide effective methods for data collection and analysis in evaluation.

(Burke, 1982)

This chapter reminds the OD community to take evaluation and business metrics seriously. If this happens, I hope you will enjoy expanding the positive value of OD and hence help to build a firm future for OD. The time has come for us to take up the baton from the front-runners of our fields who took evaluation seriously, but whose practice has not been sustained – as demonstrated by the lack of significant research in the field of OD on evaluation in the past 20 years.

The mandate has now shifted to this generation of practitioners to resurrect the value-added brand of the OD field. OD is not dead, OD is not in demise (Bradford and Burke, 2005) – OD is alive and kicking (Gallos, 2006) particularly in the UK and Europe. The time has come for the latecomers to the field to do something to rescue the reputation of the front-runners (US colleagues) by dedicating ourselves to evaluation

with enthusiasm and professionalism. When you and I do that, not only will the field benefit, but you and I will also benefit as we prove our worth to those whom we work for – after all, that is why we are in this profession.

Addendum: Quick reference for evaluation

Issue	Content
Timing	Evaluation can take place during any period of the change: **Pre (planning)** – how is the planning process working out, what is the quality of the plan, etc? **Development** – have you got all your ducks in a row, what blips do you need to detect to know whether the early development work is going according to plan (or not)? **Early implementation** – have you got all the capabilities set up, are there any holes that will render the change vulnerable; what do early implementation results tell you to do/adjust? **Mid-way implementation** – once implementation is under way, what do you need to monitor to see how the process is going? (See types of evaluation below.) **Embedding implementation** – this is focusing on whether the right reinforcement has been put in place to make things sustainable – Lewin's concept of refreezing. **Overall outcome results** – against the original purpose/vision of the change, are you getting close to what you want to achieve in ALL the dimensions you have specified in the planning stage? An **integrated approach** to evaluation is when the evaluation criteria and types are built into the initial planning, and there is a clear sequence of evaluation at different stages.
Key concepts	**Formative evaluation** – looks at the change processes with the aim of testing whether the direction of travel is on course or not, and to ensure things get adjusted as early as possible (like impromptu testing of whether the students are effective in their learning). **Summative evaluation** – looks at the cumulative impact of the change close to the end of a major change initiative. It will give the change team a sense of the probability of success in this change programme. If formative evaluation has not been carried out during the change journey, then the summative evaluation will be less positive than it might have been, as the opportunity to adjust the course of action has been missed.
Types of evaluation	**Process evaluation – two types:** 1) Are the intended change processes (reference to business model, infrastructural changes, system processes, eg IT, procedural changes, etc) delivering what you hope they will, or are the processes too clumsy, too oblique, difficult to use or not easily understandable by the people who have to use them? 2) Does the change process create a change brand that is understood and implemented by all change leaders in all countries and regions? **Capability evaluation** – do the people who are leading the implementation of change, and those who are taking on the guardian angel roles in executing the change on the ground, have the right capabilities to implement the change?

(continued)

(Continued)

Issue	Content
	Financial evaluation – does the implementation data tell you that you are heading down the financial pathway you intend to? Eg are costs down, profits up, are sales rising? Is the ultimate enterprise goal in sight or nowhere to be seen? **People impact of evaluation** – what proportion of those people you rely on to implement the change have taken ownership and are committed to the change plan? How do they feel about the change? Is there a majority that can start re-setting or creating new norms? Has support been given to those who are resisting change to make sense of the change? At this stage, the team will be looking for an increase in psychological orientation towards the change and higher energy levels in those playing their part. **Achieving significant milestones** – this is an outcome evaluation (not the overall change objectives), and it is important to keep track of the progress.
	There are other types of evaluation: **Objectivist approach** – this is about verifiable evidence of measurable change. It aspires to methodological rigour. It is mostly about 'before and after' facts and figures, but facts and figures can be reported during different stages of evaluation. **Subjectivist approach** – this is mainly about getting the gist of the subjective experience or perception of those who are involved in the change – the data will tell you whether further galvanization is needed to see them through the peril of the J curve (things get worse before they get better). Sometimes this is called the 'social constructivist' model of evaluation, which holds that the reality is socially constructed and not necessarily an objective evaluation.
	One can use OD theory to shape the evaluation approaches, eg **appreciative inquiry** – what has been going really well? Or the **solution-focused approach or 'success case' evaluation**, looking at the success case scenario – how close or how far you are from those conditions, etc.
Key principles in evaluation	1. Remember the project's original vision – that is your definitive yardstick unless it has been changed. 2. Involve decision makers to set 'non-negotiable' measurements – encourage them to think about concrete measurements, not 'airy-fairy' conceptual questions. By doing this, you are helping them to be clear about the specific desirable outcomes they really want. 3. Involve those who will be implementing the change to define valid and robust indicators that will tell them (and you) where they are – encourage them to build such indicators from the beginning, so that getting the data to the centre is not an extra piece of work when change work gets busy. 4. Decide the degree of freedom local leaders need to have to ensure evaluation will make sense to them, after you have communicated clearly what non-negotiable data they must turn in, by when and in what form. 5. Be sure to be transparent about what is being measured, and how it is being measured, so people know what is expected – and what the consequences will be if they are not carrying out their roles.

(Continued)

Issue	Content
	6. Hold those who have duties to make implementation happen (especially leaders) accountable for their role in doing so. 7. Always refer to existing baseline data. 8. While OD is strong and committed to tracking people-centric data, it should not take precedence over other types of evaluation. 9. The evaluation process has to be slimline, easy and not take anyone more than a fraction of the time they have for implementation.
Finally	**In OD, evaluation is a key form of intervention** – hence just like any other intervention, you will need to ask: a) the purpose of this intervention; b) who wants to get evaluation data; c) what type of data will make sense to them; d) how many levels of system data will be needed to help you to sustain your multiple levels of system change work; and e) who are the trusted people who should lead or head up the evaluation (intervention work) and whose conclusions will be listened to?

Section 3

OD and change

The current reality is that change is changing, which is nothing new. But what is still so surprising to many of us is that the failure rate in change is still staggeringly high as if no one has learnt to adapt their change approach and do better. Could some of the reasons listed below have led to this situation?

- Structure, system and technical system are still the key focus in change, instead of people engagement, behavioural change and upping the change capability of system *members*. The style is still 'tell and sell', advocacy versus inquiry, getting buy-in, rather than gaining commitment through meaningful engagement.

- People are often not sufficiently engaged and hence have low commitment to the new way of work. Having gone through this change cycle a couple of times, they are jaded and become cynical and less trusting.

- The power elite in the organization is still in the driver's seat of the traditional change paradigm, and experimentation and any risk-taking in working with change differently is frowned on.

- Change capability of the system members (line leaders) is low. There is an underinvestment in their training and development in the role of change agents. Many of them have **not** been shown how to work with different dimensions of change. This in turn compromises the system's ability to evolve into an 'ever-changing' organization.

- For big transformational change, more often than it should be, external consultancy firms from outside of the organization are over-relied on. Many organizations

have no internal resources that they can count on to take over and embed change within the organization after the external firm departs.

Given this context, I want to focus on three areas in this section: In Chapter 7 I will encourage readers to learn how to hold the polarity between the traditional way of working with change, and the OD and complexity way of working with change. The reason I called this Chapter 'Living at the edge of chaos of change' is because that is where most practitioners live. We exist between the dominant world of traditional change culture and the exciting, ever-evolving world of OD and the complexity science change paradigm. This chapter aims to explore the merits of both approaches to change, the distinctive characteristics of each and the implications of our practice by being in the 'in-between zone'. I also want ODPs to become politically savvy in knowing how to gain approval from the elite of the organization while covertly experimenting with the OD approach to change.

Chapter 8 will focus on how to balance the needs and the role of the back-room matters with the front-room matters – again a strategy to be operating on the edge of the chaos zone. The key point is that any change journey would need the balance of a strong back-room set up to handle finance, resources, man and woman power, governance, temporary change structure, etc, as a container to support the dedicated front-room work with people-engagement, which will continue to emerge in the complex changing context. A few practice notes are added to give readers tips on how to blend these two worlds. This is a practical chapter, more useful than inspiring.

I have ended Chapter 8 with a section on change implementation capabilities, directing the readers' attention to the fact that without focusing on the other half of the change journey – ie the implementation process – the prize of success will be hard to come by.

Chapter 9 presents a practical discussion on how to shift patterns, especially behavioural change. Culture change has become a mega phrase for decades and we all know that if a business is to attain its change agenda, then the way its people behave will need to change across the organization. As Burke emphasized over and over, one of the key criteria of effective intervention is to achieve culture change. But in reality, most change agents still find it daunting to change culture and many of them have no idea how to start working at cultural and behavioural change from the beginning of the change initiative.

These three chapters are there to offer ideas about how you can stay on the 'edge of chaos' of change – the intersection of stability and instability, old and new, big data planning and striving for emergence. I hope by taking a pragmatic stance in this section, you will learn to utilize all the most helpful bits from the traditional approaches, the OD approaches and the complexity lens, which are all necessary to ensure any change journey will stay versatile and agile enough to capture the prize of transformational change.

Finally, in working with change we will need to pay attention to our own instrumentality – how we consult, how we behave, how we, through our behaviour and style, embody the 'end game' that the system transformation needs to get to. We have to stay as clean as we can be in working through all our relationships, especially with those who press any of the buttons that will send us to an 'off-guard and off-awareness zone'. Our job is first to become an expert at changing our own behaviour before we can support others to achieve deep change. Embracing the OD complexity and chaos principles **plus** staying politically savvy and pragmatic is the sensible way to gain more power to influence the change work.

I hope, in the end, these three chapters will help to:

- lessen your confusion and guilt about what paradigm you are using, and what methods you should stick to without your colleagues thinking you are out of date;

- help internal practitioners to survive pragmatically in a world where the traditional approach is still held by the power elite as the only way to do change;

- cross-check your own paradigms and practices to make you fit enough to support those who trust you to come alongside them to do change;

- update and equip you to be even more dynamic and effective in your change work; there are many exciting complexity writers and practitioners to learn from and update our practice;

- show you how to blend the three perspectives of change together in order to support the change work of your client.

07

Living at the edge of chaos and change

Preamble

I would like to clarify two concepts that will be used frequently in this section. One is '*complex adaptive system*' and the other is '*edge of chaos*'.

A complex adaptive system (CAS) has been defined by writers in the complexity and chaos field. According to Glenda Eoyang from HSD (2010) through her teaching programme, 'CAS is a collection of individual agents who have the freedom to act in unpredictable ways, and whose actions are interconnected such that one agent's actions changes the context for other agents'. Examples of complex adaptive systems include the stock market, groups of people, ant colonies, bee colonies, the internet, any networks, gardens and human beings. They are all diverse living elements made up of multiple interconnected agents that have the capacity to change and learn from experience.

So in reality, all organizations are complex adaptive systems, ie inherently adaptive. Indeed it is our assumption that all living systems are naturally adaptable, but the fact that they do not behave in that way is because there are multiple factors that restrict them from exercising their capacity. Osborne and Hinson, in their consultancy work (Change Fusion, 2014), identify six factors that affect a system's ability to adapt. They are: drive for fitness, safety, diversity of views, degree of stability, connectivity and control. In order to unleash the adaptive part of the system, these 'dials' need to be adjusted to the right position. For example, if the control and stability is *high,* while drive for fitness, connectivity, diversity and safety are *low*, the natural capacity to adapt will be restricted. So when we talk about the complex adaptive change approach, we are talking about what the change processes need to do in order to unleash the system's ability to adapt.

The second concept is '**edge of chaos**', which has two aspects to its definition. One refers to a *state* or *condition* of living – residing at the boundary between stability and instability. While living at that *state* can be confusing, it also offers some of the unthinkable opportunities to experiment and be agile – a bit like Bridges' neutral zone in his transition work (2004).

The second use of 'edge of chaos' refers to the characteristics of living in this zone (processes). For example, if an organization chooses to build patterns in living on the edge of chaos, some of the patterns one can see may include just enough procedure, not too little and not too much. Having just enough clear parameters, but not too many rules and not being too rigid so that everyone can act within parameters, having well-connected relationships, etc. These characteristics can be seen in the diagnostic grid below:

'Could be condition' of the three zones

Chaos	Edge of chaos	Order
Too little procedure	Just enough procedure	Too much procedure
Anarchy	Clear parameters and key	Too many rules
Confusion	The what is clearer than the how	Rigidity
Risk taking	Risk taking based on data and past learning	Low/no risk
Too many connections	Everyone can act within parameters	Only purposeful connections
Free for all, everyone can act	Good discerning mix	Command and control
Informal rather than formal contacts	Well connected on relationships	Formal rather than informal contacts
Gossip	Info for all	Isolation
Purposeless	Have flexi goals	Well-drawn-up tight plans

LMYCJ, Q&E adaptation of Stacey (1992)

With these two concepts taken care of, we can now proceed to what this chapter will cover:

1   The dilemma of OD practitioners.

2   What is the traditional change paradigm?

3   What are the OD change principles?

4   What are the implications for our change practice?

5   A word about change vocabulary.

The dilemma of OD practitioners

Many OD practitioners know that the traditional change approaches of orderly planning and control are becoming increasingly limited in their utility – in fact they may even render any change effort vulnerable if the top leadership insist that is the

dominant change approach to take. The dilemma OD practitioners face is that they know that the current reality in change is firmly rooted in a complex, turbulent, emerging and sometimes chaotic context, and yet they may not have the flexibility to go beyond the mechanical way of working with change. The dilemma often leaves us stuck in our anxiety-ridden emotions while the leadership is there to defend their own belief system.

While it is alarming for any change to be dominated by the traditional approach, it is also true that every change programme requires some sort of infrastructure, eg budgeting, resource allocation, scale and scope decisions, compliance with regulatory edicts, some sort of well-coordinated plans – corporate, functional, regional, local, with deliverable indicators – and some sort of project plans, etc. They are the 'essentials' that any governance body is looking for. The conclusion therefore is – no matter what – the traditional approach will always be here to stay.

Luckily, the traditional approach is also shifting and adapting. For example:

- There is a slow, daunting realization among those from all persuasions who lead change that there are now too many unpredictable and unexpected dynamics in change, and the experience of the rise of 'autocatalytic processes' (which means change takes place spontaneously) is leading the assumption of how systems transform towards the dissolution stage.

- Many traditional change managers (there are still a lot of them out there) know that the current approaches are ill-equipped to help organizations move fast enough to become more self-organized, require greater agility and autonomy as a necessary survival strategy. Two of the big consultancy firms declared that over 70 per cent of their change projects failed to reach their significant milestones because of their formulaic approach, and some of them are seeking OD input to their tested and tried formulaic methodologies.

- Organizations that always run their change from the centre have seen that a centrally led change approach fails to equip their people to be opportunists on the lookout for the continuous emergent patterns from simple actions that are taken at local levels. From experience, change agents know that centralized change programmes often lead to a lack of ability to instantly 'sweat' the various small efforts that potentially can create great impact.

- Leaders who are wise and thoughtful know in their hearts that the current deeply held cultural assumptions and established behaviour patterns are impeding the growth of the 'distributed leadership' necessary in complex change, which requires those who do not have power in the hierarchy to be able to act, spread, disrupt, push and create alternative patterns, which are 'fitter' to stay agile.

CASE EXAMPLE

Let's take some of my recent experiences as case examples of the dominance of the traditional way of doing change:

- One transnational pharmaceutical company was spending millions of pounds to secure strong external project management expertise to tell the top leadership how to restructure their global organization by involving only the top 100 leaders.
- Another transnational energy company exhorted a four-step approach to roll out their global diversity and inclusion talent management approach – without due regard for the diverse global cultural context in which their organization operates.
- A UK public sector organization carried out its organization-wide public service transformation by edict from the top leaders as to what each department needed to do by when – all with great haste with almost no people engagement effort.
- Another pharmaceutical organization brought in an expensive external consultancy firm to help them to deal with a regulatory verdict about a lack of compliance in their quality standards, without involving the shop floor and other parts of the system to figure out the quality issues and solicit their support to solve the issues.

These recent cases exemplify some of the major challenges faced by many internal and external OD practitioners. Let's name three:

1 Most of the power elite and the dominant decision makers in organizations are still basically dedicated tradition followers – even though experientially they are in touch with the major shifts happening in the external environment.
2 Many OD practitioners have found it hard and unsafe to go the other way, as they know deviating too much from the traditional change approach may risk rejection, and loss of credibility and impact.
3 There are not many internal partners who have an integrated understanding of the OD and complexity approach to change, nor do they have a close-knit community that can spur each other on.

These dilemmas, which stay true to the OD change approaches yet stay pragmatic to gain credibility, face all OD practitioners. This section on change is my effort to help boost your sense of 'okayness' to be more impactful and willing to lead the way to do change differently with confidence (not with guilt), all within the core theories and principles of OD.

What is the traditional change paradigm?

This approach has been called by many names – traditional change approach, classical approach, expert-led change approach, Newtonian approach, etc. For consistency's sake I will refer to it as the 'traditional change approach'. The composite list of characteristics in Figure 7.1 is drawn from many sources but especially from Olson and Eoyang (2001) and Marshak (1993) who succinctly captured many of the key assumptions behind this paradigm. These characteristics have been turned into a checklist so that you can take it to your leadership team to start the conversation to review your organization's current change approaches.

FIGURE 7.1 Characteristics of the traditional change approach (in no specific order)

Instruction: Tick those descriptions that fit into your organization change approach.

Tick box	Dominant Approaches	Notes
	Change is often planned/managed by those who are at the top or by outsiders (eg consultancy firms) and not by those who really know the change situation – can be seen as an elite-led process.	
	Change occurs in a more linear fashion and there is a belief that prediction is possible and hence it can be run by project management processes. A dominant project management approach overtakes a people-centric approach.	
	The dominant focus of our change is economics, efficiency and effectiveness and not organization and people development; great emphasis on fixing structure/system; deficiency is often the starting point.	
	Wisdom lies at the top – senior managers are the ones that will provide the vision of the change programme and the top need to have a greater managerial control – control means we will need to provide the rules and regulations.	
	The mode of change leadership is 'engineering and directing' – with the message that destiny has already been shaped and hence any communication is about cascading down the right way of doing change, with a tight timescale for delivery.	
	We can describe our change approach as more formula led, with strong a heritage from a rational, bureaucratic framework – assume machine dominated.	
	By deduction, our change approach assumes humans are passive – and if we say they should go that way, they will all go; the human dimension of change is low priority in any change effort.	
	We are concerned with metrics/measurement, linear pathways, and evidence-based decision criteria versus energy, imagination, and unleashing the capability of the people through this change effort.	

This list seems old-fashioned, as it is hard to imagine any organization still tackling their change situation with that set of assumptions, but surprisingly, the reasons why so many ODPs feel unsafe in working with change in organizations is because many organizations still do.

One of the ways to break away from this traditional approach to doing change is to work with the two approaches in a polarity management way, keeping the upside of both of the poles and learning to manage the danger of the downside of either of the poles. By embracing the upside of both of the poles, ODPs will make themselves more acceptable to the power elite, and hence gain the platform to influence the organization to shift its perspective on change.

Marshak's work in Figure 7.2 contrasts the traditional and OD change approaches and gives you the 'possibilities' to blend the mix of the two approaches, especially in terms of your design work in intervention. This tactic, that I have used many times, will help you satisfy the top leaders because you will still be focusing on tasks, project management, and linear and mechanical approaches to change, yet either covertly or overtly you can inject the OD approach into the change processes. This, to me, is what living at the edge of chaos means as a practitioner.

Let's use a practice example to illustrate this way of 'balancing'.

If you find yourself living in that unresolved polarity, then consider the following in the contracting stage:

- Setting up an event with all the top group members to work through the macro issues (in Chapter 8) to ensure there is a collective view on the required outcomes, level of gains and the collective spelling-out of the non-negotiable parameters

FIGURE 7.2 Traditional change approach versus OD change approach

Change approach	More emphasis	Methods	Dominant values	Management of change as:
Traditional change management	Outcomes	Elite processes – expert led	Economic focus	Engineering and directing – destiny-shaped and cascade down
OD	Dual emphasis – processes and outcomes	Participatory processes – people-led with clear parameters set by senior leaders	Humanistic – people focus as a key way to achieve economic gain	Facilitating and engaging – giving people a voice, inviting people to co-construct and re-shape/revise the destiny

Adapted from Robert Marshak's teaching slide in a UK NTL OD Certificate Programme

(value, resources, delivery, etc) of the change project. At the end, ask the senior team whose views on such macro issues they may like to include. It's likely that they will each give you the names of several people, so in this way you have managed covertly to find a way to involve more people in the process.

- In the same meeting, also ask who they think should chair the change team, and what should the governance structure look like? Also, whose opinion they must not ignore, or anybody else you should include in the different phases of the change. This way, without being too obvious, you and the change team have negotiated some degree of freedom to proceed with more people to engage in the change process.

- Finally, if you feel you can push your luck further, ask them who you and the change team may get together to test some ideas, especially ideas that the top team has already agreed. Do not forget to ask when they would like to hear a report back from those 'extra' processes you have just managed to negotiate.

- The above process is your way to get the participatory process going.

It is important during the contracting meeting that you repeat what you have heard as their non-negotiable parameters and check whether you have got those right. The senior team will feel psychologically safe if they know you know what their parameters are. If you feel comfortable about those parameters, then give them your guarantee that you will stay within those parameters. If not, try to revisit those areas to see whether you can gain a few more degrees of freedom. It is important to hold on to the confidence that if you are able to deliver eventual success to the change agenda, the *how* does not matter as much as you fear, as long as:

1 you operate within the agreed parameters;

2 you are successful in delivering what they asked.

These situations require you to be politically savvy and build alliances across all levels of the system.

What are the OD change principles?

Many of the OD principles of change are scattered throughout the book, so it will be worthwhile to scan through the book and attempt to build your own OD principles of change. But here are a few that are highly practical:

- Start from the end game up – involve those who successful implementation is critically dependent on as early as possible to help them to understand and gain their commitment.

- The more complex the change, the greater the necessity to bring the whole system together in the room to collectively make personal meaning of the change, and seek their diverse perspectives on how to proceed in the change journey.

- People need to have their voices heard and be able to work through their divergences before they will converge to set up the platform for successful implementation. Surfacing the divergences is a sure way to build common ground.

- People do not resist change; they just resist being changed. They will support what they help to create, especially when they can make their choices in a voluntary way.

- Unleashing the self-activated energizing commitment to issues that people care deeply about is the key to sustainable change.

- At the end of the change journey, simultaneous personal and system development will guarantee that the change will be sustainable. In other words, change needs to be synonymous with development.

- Systemic thinking and systemic alignment are key to give coherence before and after the change process.

- Change is NOT an event but a series of interventions, both planned and emergent, directed at specific levels of the system.

FIGURE 7.3 Traditional and CAS models of organization change

Traditional approach to change	Complexity approach to change
Well planned with prediction; tight specification	Semi-plan focus on emergence; loose specification
Hierarchical and directive	Distributed leadership and influence
Parts, disjointed silo, low in connection	Whole, see interdependence, high in connection
Focus on centrally led plan and watch for compliance to plan	Focus on the role of local leaders and watch how it spreads randomly
Focus on system, structure, process	Focus on patterns and behaviour
Prone to standardize approaches, variation is not welcome	Discovery, explore, experiment, and welcome diversity
Known solutions	Solutions unknown (unknowable in advance)
Big plans show direction	Small is beautiful, sweat them to discover (take advantage of chance and serendipity)
Plan, reflect, learn and re-plan	Act, experiment, reflect and see, then learn, and plan
Programme led	Movement spread

Adapted from work by Stacey, Euyong, Quade, Osborne etc for this book

What are the implications for our change practices?

In Figure 7.3 the traditional and the complex adaptive models of change are contrasted. But to help readers to work out the implications to their change practices when they blend Figures 7.1, 7.2 and 7.3 together to identify how to take the best from each of the change approaches, the following pointers are my attempt to show the 'hows':

1 **Actively promote OD and a complexity change approach AND stay as acceptable as you need to be to the organization you work for.** We need to stay on the upside of exposing and educating clients to the OD and complexity lens and start to challenge the clients to change the way they do change, while remaining 'acceptable' within the traditional culture, by being strong in the project management approach and using some of the strong aspects of the traditional change management approach to gain influence.

2 **Stay safe by working OD principles covertly into the change methodology AND use OD and complexity methodology overtly to help clients learn how to do change differently.** You need to be sensible not to exceed the 'weird' factor within organizations to avoid rejection, especially before you have built up sufficient street credibility. But that should not stop you from covertly instilling or blending the OD and complexity approaches into the traditional way of doing change. Look for every opportunity, especially in working with an appointed change team or eager local leaders, to overtly teach the OD and complexity lens as the 'new' approach to change – we need to constantly think of new strategies to influence and educate the traditional client in this different paradigm.

3 **Build the OD/complexity change approach into the formal leadership development programme AND use the change process to educate leaders in 'real time'.** OD practitioners need to be far more intentional to work at the leadership level in whatever client system we work in, using a powerful leadership development programme to introduce the OD systemic and complexity lens to them, using their local case of change to teach on this approach and then synchronize the two approaches. We also must always try to find innovative ways to build this aspect of leadership development into the various change teams and change agents we work with. In that way, we will help to build a cadre of leadership sharing the same approaches to change in every project.

4 **Increase our ability to operate in polarities.** In supporting change in this complex context, we will need to know how to work with a set of two opposites that are interdependent and not mutually exclusive. These opposite poles always produce ongoing tensions, which can create a lot of discomfort for you and others. Our inclination is to try to problem-solve them, but in fact they are polarities to manage and not problems to be solved. This ability to work with lots of ambiguity and tension is a key competence for you as change agent in the complex world. Hence knowing how to work with polarities is an asset. See www.polaritymanagement.com.

FIGURE 7.4 Types of polarities OD practitioners need to work with in change

Back room versus front room approaches	Analytical/rational versus intuitive	Science versus arts, hard science versus soft science
Facts, figures and data versus emotional and feeling	Content creating versus people engagement	Profit and cost conscious versus customer centric
Reality focused versus dream inspired	Fast work versus slow work	Head, analytic, task focus versus conversational/ dialogical focus
Task-centric versus people-centric	Top trend direction versus abundance in grass roots innovation	Detailed planning, grab opportunity, work with emergence

Whatever polarities that you need to work through, most of all you need to function well both professionally as OD practitioners and in your relationship traction to build an impactful presence within the system and earn the right to break the established model of change work. You need to get the best 'upside' of both poles and not fall under the 'downside'. Figure 7.4 outlines other types of polarities that you need to work with to improve your savviness in supporting change in this context.
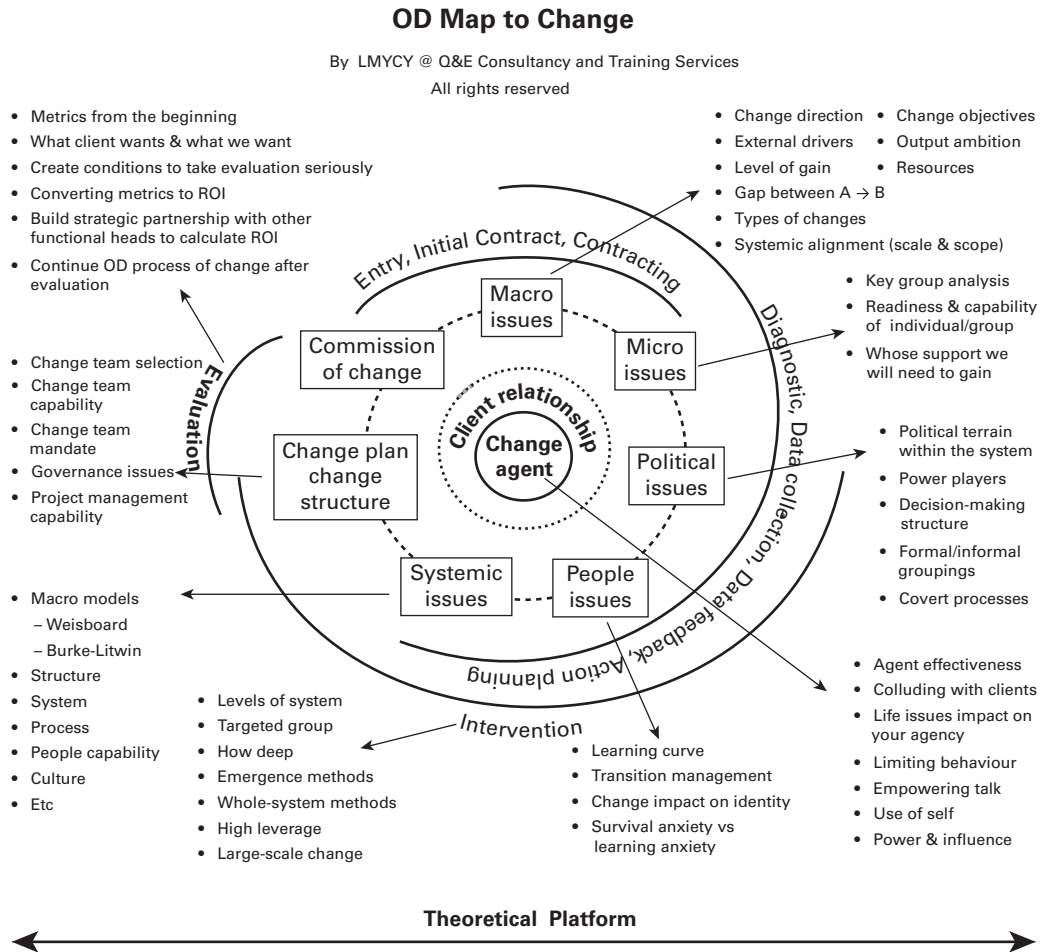
A word about change vocabulary

Applying the dialogic theory in order to move away from the traditional way of 'doing' change to people, we will need to use language that reflects the alternative approaches. So instead of using the traditional words and phrases on change:

  'managing change';

  'dealing with resistance';

  'allowing them to…';

  'comply or leave…';

  'giving them the opportunity to…';

  'how to gain buy-in, change project or programme';

we can shift the words and narratives to:

  'invitation to participate';

  'come help us to shape the change initiatives';

  'what to expect from the change journey experiences';

FIGURE 7.5 OD map to change

OD Map to Change

By LMYCY @ Q&E Consultancy and Training Services

- Metrics from the beginning
- What client wants & what we want
- Create conditions to take evaluation seriously
- Converting metrics to ROI
- Build strategic partnership with other functional heads to calculate ROI
- Continue OD process of change after evaluation

- Change team selection
- Change team capability
- Change team mandate
- Governance issues
- Project management capability

- Macro models
  – Weisboard
  – Burke-Litwin
- Structure
- System
- Process
- People capability
- Culture
- Etc

- Change direction
- External drivers
- Level of gain
- Gap between A → B
- Types of changes
- Systemic alignment (scale & scope)

- Change objectives
- Output ambition
- Resources

- Key group analysis
- Readiness & capability of individual/group
- Whose support we will need to gain

- Political terrain within the system
- Power players
- Decision-making structure
- Formal/informal groupings
- Covert processes

- Agent effectiveness
- Colluding with clients
- Life issues impact on your agency
- Limiting behaviour
- Empowering talk
- Use of self
- Power & influence

Entry, Initial Contract, Contracting

Diagnostic, Data collection, Data feedback, Action planning

Evaluation

Intervention

Macro issues

Micro issues

Commission of change

Political issues

Change plan change structure

Client relationship

Change agent

Systemic issues

People issues

- Levels of system
- Targeted group
- How deep
- Emergence methods
- Whole-system methods
- High leverage
- Large-scale change

- Learning curve
- Transition management
- Change impact on identity
- Survival anxiety vs learning anxiety

Theoretical Platform

'journey coordinator';

'from where you sit, how do you see this change situation?';

'consultants are asked to support the members of the system to do their own navigating through changes…';

'asking them to join us in setting up processes that will help to make sense to themselves';

'we are here to walk alongside you to support you to help yourselves self-organize to make what you want to see happen'.

You can tell some of the phrases are not easy to use, but I hope that the intent is clear to you. Changing imagery, changing text, context, narratives and conversation is part of changing the way we change.

Summary

Given that the majority of organizations are still operating in the prevailing traditional paradigm, it would be prudent to encourage readers to stay savvy by being **both/and** – take the best from the traditional way of doing change, and then blend it with the OD systemic and complexity lens – which should remain our dominant professional base. By staying pragmatic and in the spirit of the contingency theory, practitioners need to be adaptive in delivering support given the context in which we operate. That is the gist of what I intend to do through the chapters in this section.

It is OK to continue to take anything from anywhere that proves useful to support our clients' change work in their diverse contexts while ensuring we are both acceptable and effective agents of change and do not compromise our values, field discipline, principles and intent. I believe that the field of OD has always been a bigger and more inclusive container to host diverse perspectives and practices, all in the service of those whom we are called to support.

I constructed Figure 7.5 in my teaching programme on the NTL OD certificate programme. I like to share this as it is my effort to sum up the OD map to change by combining the OD cycle as a basic process with all the key areas of change to which practitioners need to pay attention. It is descriptive, but not summative, nor exhaustive. But by acknowledging the comprehensive work of change, I like to encourage others that it is important for you to build a personal map like this one to guide your own change work. This is what I mean by focusing more in doing integrative work in your approaches as you mature in your practice.

08

Back-room and front-room change matters

Overview

This chapter aims to convey the synergistic value of blending the traditional, OD and Complexity and chaos theories and practice to help practitioners to gain power and influence in a world of traditional change work while remaining effective in the core of OD value and methods.

There are many 'change matters' to which any change agent/team needs to attend during the process of change. I have chosen to focus on two key areas:

1 Back-room matters (logistics, plan, infrastructure matters that support the change).

2 Front-room matters (the people dimension and the engagement issue).

I will end the chapter on 'change implementation capabilities' and the role they play in securing successful change results.

Back-room matters – the macro level of change work

'Back-room change matters' are also known as the **macro** matters because these are the essential major organization issues that require clarity before any form of change planning can take place.

The following macro list is by no means exhaustive, but it does capture some key areas that most traditional change leaders care about but may not have found a way to articulate clearly. Figure 8.1 was designed as a grid for you, the change agent, to work through by yourself or with others to gain clarity on what the change is about. If you design focus groups with these questions in mind, this will become part of the collective sense-making processes in the data collection phase.

Getting these macro issues spelled out at the beginning of the change, especially by multiple parties besides the commissioners, is a prudent thing to do, not to mention a covert way to get the organization to start involving people. For example, you can suggest that the groups that can give data include: the commissioners of change, the temporary change team, cross-functional members who have a view, staff and especially the group(s) the change will impact, and those on whom the organization will rely for implementation. The methods by which you go about doing that can be found in Practice Note 1. As mentioned earlier, the list can be adapted as part of the engagement exercise. In that way, sense-making of the change initiatives will be done individually within the collective consciousness context.

Let's take a brief look at several questions.

A) WHAT IS THE CHANGE ABOUT?

Starting out, it is helpful to ask the system leaders a simple question, which often has significant consequences, such as 'What is this change about?' When the question is asked, you may get a frown and a curt response – 'What do you mean? This is a restructuring change project'. To which the reply is, 'Yes, I know this is a restructuring project, but what is the change really about? When we get to the new structure, what would you and the organization like to see happen? What would you like the change to achieve for the organization and for what reason?'

FIGURE 8.1 List of back-room macro questions

List of macro questions	Who have data to give?	What are the most appropriate data collection methods?
A) What is the change about? Change to what – what is the arrival point? What would it look like? How far is it between where the organization is now and where they need or want to arrive?		
B) What is the business case – why change? What is the benefit case – what benefit will we gain if we achieve the change purpose?		
C) What is the minimum gain (level of gain) that will make this change worthwhile? What value will the change create for the organization to justify the effort?		
D) What type of change is this? What is the nature or focus of this change? What scope and scale will this change be?		

FIGURE 8.1 (Continued)

List of macro questions	Who have data to give?	What are the most appropriate data collection methods?
E) What type of resources would the change need? Do we need to have a back-room office set up to stimulate and coordinate the change?		
F) What type of temporary change structure will we need to support the change journey?		
G) What systemic issues would the change create? How extensive would the systemic alignment work be?		

The real benefit of such questions is to see whether the change commissioners can summarize the essence of the change in one paragraph or even in one sentence (which will also be useful for future communication). If they stumble in answering the question, this may mean several things:

- there is a lack of clarity on what the change is about;
- those who think the change is a good idea have not yet thought through what the change is really aiming to do;
- they have not been clear what level of change the organization is aiming for;
- whether there are any real benefits even if the organization can get to the end point.

Given the emergent nature of change, definitive answers cannot be expected. But there are real differences between those leaders who can hold their line and articulate what the change is about and what it is aiming to achieve, and those who cannot.

B) BUSINESS CASE AND BENEFIT CASE

What is the difference between a business case and a benefit case? The business case focuses more on the reasons why the organization needs or chooses to respond because of the challenges presented from within the organization or pressure coming from environmental factors. The business case of a major transformation change requires an external lens as to what's happening out there in the environment that requires the organization to shift in order to survive. The business case for internal driven change is often (but not necessarily) based on a deficiency lens – something does not work, or could work better, or needs to do better, hence those who propose the change have a clear logical case why the business/organization needs to go down that particular change path.

PRACTICE NOTE 1 There are many ways to get answers to the macro list

You can use the macro questions to design a 2–3 hour event where you can ask those who commission the change and their highly valued stakeholders to get together to jointly get the change issues right. You can use this event to share relevant information to engage those who are asked to attend. If you cannot get a whole group together, then do separate events for separate groups, but still aim to get the whole group together to look at the data gathered from this type of event.	Train local leaders to help run this type of focus group as part of engaging them to take a 'distributed leadership' role. In this way, we can also use the training and briefing sessions to help them to make personal sense of the change, so that they will be able to work through their personal doubts and questions. In this way, when they go out to run focus groups, they can be confident that they find the change not only doable but important to the organization's survival.	Design a short online questionnaire in which everyone in the relevant parts of the organization is asked to share their views about the change from their perspective – data for system alignment issues. Ask another group of people to learn how to 'cut' the data. Also ask them to report the data from the online questionnaire to the governance body and/or executive team.
Use the data from the initial batch of focus groups to construct an educational multiple-choice tool for people to get involved in guessing the answers to some of these questions. Show the group how to use imagery to run this type of diagnostic but 'meaning-making' type of group, eg car race, climbing a mountain, etc.	Train supervisors/other local leaders to run information briefing sessions. Prepare the information pack for local leaders – so to grow and reinforce them for their role in supporting the change. Consider using the multiple-choice tool to start each information session. Have prizes for those who score highly in the questionnaire.	Set up 'action research' sessions where people can join different teams to investigate how the other divisions think about these macro issues. Have talented and shop-floor people work together to interview key leaders about these macro issues. Again, involve them to 'cut' the data. At every opportunity, mix up the systems and turn them into joint investigators so they can be helped to make personal meaning of the change.

Conversely, the benefit case may come from organizations who have already dealt with the competition issues, and hence can scale a higher summit, achieve greater market share, be known for giving greater and higher quality of service to their customers, etc. Of course, there are times an organization has to undertake change because the business case is so strong, although they may get dismal benefit from the change. Or sometimes the benefit case is so strong it does not need a business case to support the need to change. It is important to remember the context in which change has to take place and the narrative organization leaders use to mobilize the troops for action.

C) WHAT LEVEL OF GAIN WILL MAKE THE CHANGE WORTHWHILE?

Having worked out the business case, the benefit case, or both, the next question for commissioners is whether it is worthwhile to go down this particular change track by identifying the best levels of gain they can realistically achieve, and the risks involved – especially if the scale and scope of the change is greater than the organization's current capacity and capability.

No one can be a real prophet, but helping the client group to use their best analytical and intuitive functions to project possible levels of gain against possible risks can help the organization to sort out one of the most critical decisions, ie 'In light of our current capacity and capability, and other risk factors, would we be able to achieve a minimum acceptable gain – and what would that look like? Given this limited gain, is it worthwhile undertaking this change or would we be better off staying in this current form or delaying the launch of the change? Do we need to rethink the whole situation?'

The aim of this type of dialogue is not so much to help the organization members to change the decision to either do the change or not, but to help them think in a much more expansive way about the nature of the change, and how best to handle the change journey in order to reach the minimum 'acceptable level'. It is a backhanded way to do visioning.

D) TYPE OF CHANGE (NATURE AND FOCUS OF CHANGE)

With the ongoing and increasing complexity in which human systems operate, is there any value for you and your client to delineate the different types of change other than complex change? I believe so. Even though the complexity lens is a given, having a feel for what type of change can aid your intentionality about what processes will be most relevant to support the level of system alignment and the people involved.

There are many types of change, but Figure 8.3 captures the main ones.

From Burke (2002) and Nadler's (1998) definitions, we know all organizations are engaged in transactional-incremental-continuous change as they try to eliminate

FIGURE 8.2   Levels of gains

Levels	What that means	Which levels we should or must aim for
Level 1	minimum gain	
Level 2	acceptable gain	
Level 3	more than acceptable gain	
Level 4	excellent gain	
Level 5	best scenario gain	

FIGURE 8.3 Types of change

Type of change	vs	Another type of change
Transactional		Transformational
Incremental and continuous		Radical and discontinuous
Evolutionary		Revolution
Local		Total system
Continuing flow		Episodic
Planned		Emergence

problems and increase efficiency. They are not necessarily small, but they are part of the continuous improvement effort.

Transformational-radical-discontinuous change is drawn from the Latin word *transformare*, which means changing shape. This is the complex, wide-ranging change brought on by fundamental shifts in the external environment. The responses require **radical** departure from the status quo in structure, culture and key production processes. **Discontinuity** suggests there is substantial disruption to the normal way of functioning and the organization will need to unlearn years of habits.

This latter category is deemed **profound** change as it requires a 'matching' **inner** shift of people's values, aspirations and behaviours to go with the **outer** shifts in processes, strategies, practices and systems. In profound change, the organization does not just do something new, it builds its capacity for doing things in a new way. In other words, it builds capacity for ongoing change. Agility is often the outcome of an organization learning how to work with profound change.

FIGURE 8.4 Stacey Matrix
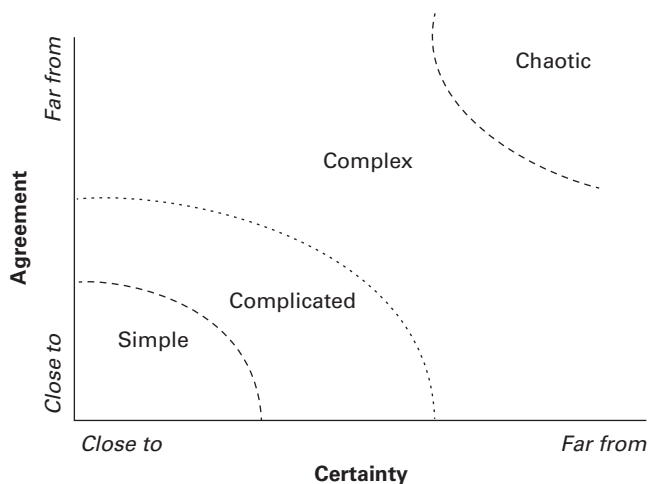
Evolutionary versus revolutionary change or continuous versus episodic change are all similar in nature to transactional and transformational change.

Among the literature of the complexity and chaos scientists, eg Stacey (Figure 8.4) and Snowden (Figure 8.5), there are four categories of change: simple, complicated, complex and chaos, which hold different meanings from the above categories listed in Figure 8.3:

- **Simple change** is like making a cake; there are reliable recipes that you can follow, and as long as one does that, a decent cake will be baked.
- **Complicated change** is not simple but still doable. It is like building an aircraft: very complicated, but as long as one has top-notch engineers and a reliable engineering manual, the plane will be built.
- **Complex change** is often discussed as a **type** of change, but in fact it is more like the conditions we live in and hence the nature of change is complex. Change becomes complex when the future is not knowable even if you have **big** data; when understanding parts does not reveal the whole complex web of facts, networks and relationships; when cause and effect are difficult to trace, especially when prediction and control of the future is impossible nor is control over nature to improve our life doable, we are in the radar of complex change.
- **Chaotic change** – when there is inherent variety and uncertainty in a dynamic environment, that requires continuous interpreting and sensing, together with having a collection of individual agents who have the freedom to act in unpredictable ways, and whose actions are interconnected such that one agent's actions can and will change the context for other agents. These multiple interconnected agents make the change hard to predict and can easily fall into a state of disorder and chaos.

When dealing with complex change, it is important to shift one's mental model/paradigm. The reality is that while you can still go on planning, the outcome is not predictable, and instead of relying on plans alone, one has to spot patterns and opportunities to glean a clue about the next steps. The more relevant actions are to take a light touch approach, focusing on sweating the small stuff, disrupting local patterns and working with emergence, which are all part of working effectively in complex environments.

OD practitioners need to be interested in what type of change we are supporting because there will be implications for approaches, resource allocation, speed and our change practice, etc. The following list outlines the implications arising from discerning the type of change:

1 The scale of the back-room infrastructure support; the extent of the set-up, the role and governance of the 'change programme office'.

FIGURE 8.5 Cynefin Framework
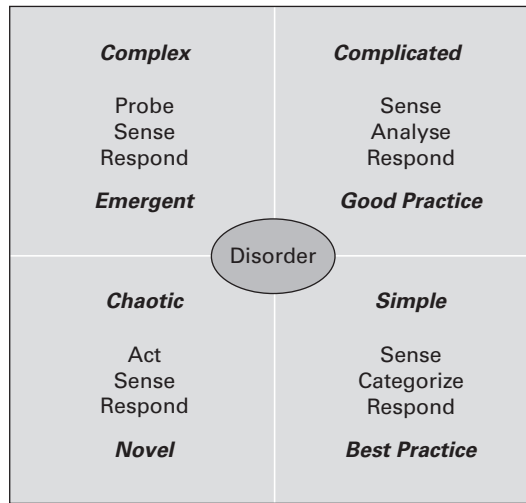
2   The intensity and effort spent in working with those who are affected by the change, and how early the processes need to target behavioural change at which level. Do we know how to achieve that?

3   The type and scale of distributive change leadership the organization needs to build and equip, especially among local leaders and the middle management level, and by when?

4   The type of support for change needed from seasoned change leaders.

5   The level of systemic alignment (structure, processes, policies, competences, operational protocol, brand, behaviour, partnership relationship, etc) that the change needs to accomplish.

6   The level and type of communication to different stakeholders to achieve each phase.

7   How many different levels of organization change we will need to work at, eg the *individual*, the *group or work unit*, the *inter-group level* or the *relationship between different work units*, and the *total system* in order to achieve sustainable results.

Figure 8.6 is designed to help us to think about the dynamics between type of change, practice implications and task delineation scale/scope, and the type and the extent of resources required. In this grid, I will not define 'simple' and 'complicated/complex' change, as different organizations will have their own definitions of these.

E) WHAT TYPE OF RESOURCES WOULD THE CHANGE NEED?

What type of resources any change initiative needs will depend on the following factors:

- the scale and scope of the change initiative;

- the geographical spread of the organization;

- the speed that is required to achieve major milestones;

- the extent of complexity in the change areas;

- how critical and strategic this change is and whether there is any margin of error allowed in the change initiatives;

- intensity (amount of effort, time, resources, speed required, etc) and complexity (level of interdependence, scope and levels of interventions that need to be done) of the change initiatives;

- risk level it can afford or not.

Based on Figure 8.6, questions need to be asked about whether the change work should be done through normal management processes. Can it be done by delegating a number of local leaders to undertake it in tandem with their day jobs? Can the

FIGURE 8.6 Type of change, practice implications and task delineation

Areas that have practice implication	Tasks/resource issues for 'simpler' change	Tasks/resource issues for complicated and complex change
The scale of the back room infrastructure support; the extent of the set-up; the role and governance of the 'change coordinating office'.	Do we need a back room set up at all? Is a small team sufficient to coordinate the work? All within their current work roles?	A well-set-up back room will be needed to assist the change processes with the right level of staffing and type of personnel, eg OD, communication, financial, HR, events management, project management, strategic planning, etc.
The intensity and effort spent in working with those who are affected by the change, and how early the processes need to start targeting behavioural change.	People who will be affected by the change should be rolled up during the early stage to involve them in designing how to go about the change and implementation. The behavioural piece should be up front as early as possible.	Not just the people who will be affected by the change, in fact the whole system needs to be involved to design, give their views on how the change should be thought of from where they sit and how the change may impact on them. The identification of behavioural shift needs to be done as early as possible with as many groups across the system as possible.

(continued)

FIGURE 8.6 (Continued)

Areas that have practice implication	Tasks/resource issues for 'simpler' change	Tasks/resource issues for complicated and complex change
The type and scale of distributive change leadership needs to be built and equipped, especially among local leaders and the middle management level.	It is important to identify who will be leading, supporting, reinforcing, rewarding, correcting and embedding the change, and to pull them out as early as possible to help them make sense of the change and allocate a role for them to opt in or opt out as a supporter of the change in their local area.	The requirement is similar, except the scale and the depth of this piece of work will need to be system wide. We will need to run a large group intervention for the middle management population and build in the type of change capability into the leadership development programme, assigning clear roles to local leaders as early as possible.
The type of change support – especially how great is the need for seasoned change leaders to front the change.	Putting together a cross-professional team who know the content of the change matters with some support from local HR/OD professionals may be sufficient.	This scale of change may need more than a 'change journey office' with all sorts of professionals set up to support the change processes. It may also be beneficial to put some experienced internal leaders into the governance and change structure. If the change scale is huge, then different OD support at different stages for different groups – especially in the setting-up stage – will be both necessary and useful.
The level of systemic alignment.	Ongoing systemic alignment should be done as or soon after major milestones are reached.	This will require an ongoing systemic alignment effort – this should be mapped out at the beginning of the change by multiple parties so that alignment work can be ongoing from day one.
The level and type of communication to different stakeholders.	The communication can be incorporated into the 'normal' 'ongoing' communication channels.	The communication needs to be both externally/internally focused. It will be useful to have 'change-specific' brands and channels for communication, supported by a communication professional.
How many different levels of organization change intervention will we need to aim for?	All sustainable change requires a minimum three levels of system intervention – eg any of the following based on the type of change it is: intrapersonal, interpersonal, group, inter-group, divisional, inter-divisional, whole system, inter-system.	For this scale of change, the targeted interventions will almost certainly need to hit as many levels listed in the previous box as possible, as well as with greater intensity and frequency. Internal and external OD practitioners will be needed to support this scale of change.

change work be done by integrating the change agenda into the normal executive project portfolio? Or can the change work be done only through a back-room office with full-time change agents running the office and ensuring all streams of work will be integrated to achieve the change within a given time period without losing its people-centric framework?

A note on the impact of insufficient change capacity on change outcome

Insufficient change capacity has a more negative impact on the change work than one can imagine. In my experience, many change offices suffer the following problems. They:

- take too long to give a strong start;
- fail to capture unforeseen opportunities to propel the change forward;
- fail to keep the change momentum of the change up; or
- simply do not get to achieve impressive and good-quality change work because members of the change team often have to carry their change duties on top of meeting the relentless demands of their day job;
- change implementation can become a non-event.

Instead of seeing the cost of a failed change initiative, many organizations see deploying resources to run the change processes as an unnecessary burden for the organization. Somehow there is a form of madness organization leaders engage in – 'no extra resources need to be deployed – once we declare the need for the change, it will just happen'. By not taking the long view to invest in gathering sufficient people with change capacity, many change projects are set up to fail. This inevitably will lead to those being asked to support the change becoming overwhelmed – subsequently, the stress levels will then undermine morale and change progress. Worst of all, their own leadership credibility will be questioned. This scenario is expounded by Miller's (2013) change article, which found that a major reason change fails in organizations is that people feel overwhelmed by the sheer volume and speed of change initiatives impacting them, hence are unable to take necessary care of the change work.

Aligning talent management

One way to increase the willingness of the executive to put realistic full-time resources towards support of the change is to align talent management with change resources. I often challenge the organization and its leaders (with facts and figures) to see that the whole-system change situation is the most fertile ground to:

- Stretch the talent in terms of putting them through a 'real-time strategic' leadership development experience, as the work will give them a whole-system view of the organization. This will be crucial as by working in a whole-system change

initiative, they will shed their myopic view of the organization from their functional/region/business unit perspectives and begin to see their part's relationship with the whole.

- Gather data on those talents as to whether their strengths and areas for development are the same or different when they are working in a different context – outside of their technical job role. Their involvement in the change office will provide data about whether their talents are more suited to staying on their specialist track or switching to general management. Those who may be more suitable for the general management route would show more rounded competences – the ability to be strategic as well as detail conscious, the ability to work with different types of people, more people savvy, results driven and able to think more broadly about issues. They tend to be better in systemic thinking. Those who belong on the specialist track are more valuable to continue to grow their depth in their specialist area, free from the demands of a generalist portfolio.

- By putting together a cross-functional talent pool to support the change work, the organization is building a future community of leaders who – by working together in the change journey – find themselves being changed in the process and relying on the group to support themselves in the continuous self-development journey. This will, at the right time, create a leadership cadre to assist the major shift to the organization culture in the future.

This approach has worked very well for organizations that decide to do just that, (Tanser and Lee, 2012 outlines the case I helped them set up). By using the change situation as an opportunity to develop and stretch the talents, they helped to ensure change was synonymous with development.

F) THE TEMPORARY CHANGE STRUCTURE

The temporary change structure can appear to be such a bureaucratic topic, yet when used effectively it can be a very useful engagement tool to gain commitment from relevant stakeholders.

There are at least four types of group any change initiatives can consider establishing:

1 **Change programme office** or project management office (tends to be called the change team office or PMO);

2 **Steering group** – which can also be the governance group;

3 **Reference group** – which can be subject or content expert groups, which can give expert advice/insight to the change team on matters for which they need guidance (there can be more than one reference group);

4 **Champion groups** or individual sponsors.

PRACTICE NOTE 2   Four temporary change structures: their terms of reference, tasks
and membership

Types of group	Terms of reference	Key activities (sample)	Membership
Change coordinating office	**Terms of reference:** their job is to coordinate and sometimes lead the overall delivery of the various work streams and to ensure there are joined-up efforts in delivering successful implementation. The frequency of their meeting would be as often as it is necessary in the beginning of the change initiative, at least once a week – to give the change a strong start. This will include team launch and other initial training programmes.	Involve/engage as many stakeholders to: • Map out key groups and how to engage them • Coordinate the design of the change processes • Scope out specific change areas (carry out necessary diagnostic work, test the viability of various options) • Calculate the resources needed and solicit them • Deliver some of the change interventions • Manage a multi-functional team • Oversee and coordinate the execution of the change steps • Serve as local centre of communication • Set up the evaluative process • Report regularly to the steering group	This will include an internally named change leader and the leaders of all the different streams of work and support resources, eg strategic project planning, financial, HR/OD practitioners, administrative support, communication professionals. Person specification – members should have strong... • Performance record • Interpersonal skills • Result driven • Proactive approach • Learning attitude • Team player • Innovative/creative • Good reputation • Content expertise
Steering group	The group that the change team/office will be accountable to and will regularly report to. The group that will hold the overall 'steer' of the change initiatives. It is also the governance group where the overall direction of travel, key decisions are made and approved.	• They will attend the initial workshop with the team members to work out the list of macro questions, and possibly do the initial navigation map. • They will put themselves in a learning stance with the team to learn about possible methodology and how best to work with this change initiative.	Members should be appointed by the top leadership group. Preferably they will: • Be interested and believe in the change initiatives • Have strong commitment to the future of the organization • Have strategic insights into the business

PRACTICE NOTE 2 (Continued)

Types of group	Terms of reference	Key activities (sample)	Membership
Steering group	Frequency of meeting: once a month after the various set-up retreats	• They will show their visibility by helping the team to give briefing sessions to the staff and managers about the change. • They will make a case for the change to the top decision makers. • Offer personal support to the group of change agents.	• Be well respected with a strong reputation • Have strong core business competence • Be well connected to the power elite.
Reference group	These are subject expert groups where the coordinating team can consult whenever they need to. One can have more than one reference group depending on the core skills/professional knowledge people need. Frequency of meeting: as often as the team request after initial set-up meeting.	These groups will have an important function at the beginning of the change initiative as they should be the group to help the team to identify the key content areas to focus on, the data the team would need, and also what up-to-date information the team should have in order to make robust decisions. The members of the reference group will be asked to volunteer to join the team to get initial training on how to work with complex change (this is to covertly educate some senior people who would not attend such training otherwise).	Any content and subject experts who can give diverse perspectives about the change. They need to be interested in supporting the change from a secondary role as most are probably either too senior or too busy to be part of the team. Eventually we would like this group to have so much fun working with the teams and doing things that stretch their leadership skills that they will also become key agents for the change.
Champions and sponsors	The role of any champion or sponsor is to demonstrate personal support of the change by taking personal interest in both the team and the individual team members.	Their key role is to be visible supporters of the change by personally leading and explaining to others their own personal reason for supporting the change. Meet regularly with individual change agents and respond to requests from the journey office.	• Someone senior in position • Who believes in the change direction • Who is willing to champion the change to others • Who is interested in developing people • Who wants to learn and be a role model for the change

How many of these temporary structures any change initiative needs to set up will depend on how complicated the political landscape of the organization is (ie how many types of groups or individuals would need a formal role in the change initiative), the complexity of the change, the logistical factors (how widespread people are) and the cultural context of the organization. For some smaller organizations dealing with a deep transformation, up to 40 or 50 per cent of people can be involved in different roles, which in turn will speed up the implementation of the change impressively – because by using these temporary structures, you fast track the personal meaning-making journey through their involvement. As a result of that high level of involvement, speedy and successful implementation is possible.

The role, terms of reference, key activities and membership of the four temporary change structures are described in Practice Note 2.

The practice note lays out an ideal set-up of the various temporary change structures – ideal in the sense that if the culture of the organization supports involvement and is willing to establish all of these temporary structures as a means to expand the engagement process of the change – which is called 'engagement by formal role' – then these structures will work well to involve, enrol, increase participation and help many to make sense of the change through a role within the change structure. The temporary change structure can become a dynamic engagement platform, maximizing the chance for real-time behaviour change opportunities. Finally, in order to ensure the core change team is successful, the organization also needs to invest in giving it the right type of support.

G) WHAT SYSTEMIC ISSUES DOES THE CHANGE NEED TO ALIGN?

Please refer to Chapter 2 to refresh your memory about system theory. The gist of the system theory approach to change is twofold:

- The open system concept – with input and feedback from the external environment, many organizations will need to adjust their output (in products and services) in order to survive in the turbulent context. Once the output has been adjusted, then the organization needs to align its 'throughput' eg internal capability, structure, system, policies, other infrastructure, etc in order to support the strategic goals of the organization. Ultimately, all organizations are trying to match their internal working to the changing external demands, hopefully at the same speed as the external demands are changing.

- Since systems have many parts that are 'nested' (hierarchically connected) and are interdependent on each other, when change occurs in one part, it will inevitably impact other parts. In the past, many change programmes (especially restructuring) acted as if change could be focused on **one** specific target area without attention to the alignment of other parts. It is no wonder so many restructuring processes failed. It is very important to consider the breadth of impact that is needed in

order to ensure change initiatives will be sustainable. How extensive the systemic alignment work will need to be will depend on the scope and scale of the change.

It is important that very early on a dialogue should take place between the commissioners, the governance group and the change team, identifying the various systemic issues surrounding the change initiative that will need attention if sustainable implementation is to be a reality.

For example, if the primary focus of the change initiative is on restructuring and organization design, then the key alignment question is what else needs to be adjusted in order to achieve the purpose of the change in structure. Will key processes need to be adapted? Will relationships and collaboration between different functions need to be more integrated? Will the new structure demand any changes to the required competences and characters of top leaders and middle management? Do any of the HR policies need to be adjusted? Does the leadership role need to be scaled up?

PRACTICE NOTE 3 Systemic alignment questions: (based on the work of Burke and Litwin)

1. What are the external factors that steer us to change?
    Is the leadership group responsible for taking an active role in:

    • Scanning the environment/competitors?

    • Setting strategy?

    • Aligning culture and leadership behaviour to deliver strategy?

2. How will delivering the objectives of the change help us to achieve our mission and vision? What else will we need to do to stay responsive to the world we live in? Will the change help us to remain competitive and relevant in this market?

3. Would our current strategies still remain relevant or do we need to revisit the strategic planning process and content so that we will achieve congruence? How well does our culture support our mission and strategy? What areas of alignment will we need to focus on to ensure the interconnectedness will work?

4. How effective are our leaders and does their behaviour live out our values and steer the organization in a strategic direction? To support the change, what type of leadership behaviour should we grow and nurture in order that they can lead the organization to a new destination?

5. How efficient is our management population (the 'spinal cord' of the organization) at managing the input and output loop? How well do they manage the work unit climate? To support this change, what development will they need?

6. How well does our structure help us to organize tasks to deliver our strategy? Do we need to consider a different organization design as a result of our change?

7. How do our systems and processes support our culture? Are they 'fit for purpose' or are they bureaucratic? What types of new patterns do we need to grow to support the change objectives?

8. Do the individuals know what is expected of them, know their contribution and feel motivated? Do our performance management system and the reward and compensation policy and practices need to be adjusted?

9. How well do our performance levels help us to stay competitive in the market? What new outputs will we need to consider to support our change objectives?

There should be a list of the 'primary' and 'secondary' alignment issues to be taken care of. The terms of primary versus secondary can be defined by your organization – primary can refer to the 'critical' or the 'key gate-opening factors' that will help to set up the natural alignment of other factors. Finally, the most critical alignment question we will need to ask is, 'What type of mindset, paradigm or thinking will support this change initiative and what is the most sensible way for us to shift these inner models from the beginning?'

Systemic alignment work can often be aided by using one of the system models listed in the diagnostic chapter. Practice Note 3 gives a systemic questionnaire based on the Burke–Litwin Model as an example of how to go about discussing the systemic alignment issues in change.

At the end of working through the list of macro issues, a more robust change plan will be in draft form. However, that forms only half of the plan as the other half will come from working through the front-room issues.

Front-room matters (the people dimension and the engagement issue)

Front-room matters are the **heart** and **soul** of change. Change is not successful until the people voluntarily shift their behaviour. So this is the **heart** of all change matters.

Basically, front-room matters concern:

- engaging people as much as possible so they will embrace the intended change through participation, meaningful dialogue, having a voice, being heard, and being able to make informed choices through shared data;

- encouraging people to be increasingly self-organized in the process of change – supporting them to make things happen within certain parameters and helping them to leverage the impact they want to have in order to build the future they desire during the change processes;

- working with people to create the conditions where behavioural shifts can be made as easy as possible.

Micro list of issues

There are a great number of 'front-room matters' that change agents need to pay attention to, but I will focus mainly on the following areas:

a figure out the **key** groups and individuals in reference to the change;

b assess the attitude of the key groups towards the change, their level of support to the change and their level of ability to influence others to support the change;

c how to use group dynamics to engage and support key groups in their personal change;

d what level of capability you will need to offer the key groups so that they can support themselves in the change processes;

e supporting people and groups to work through their sense of resistance – both at the individual and group level. Support change agents to learn how to use the energy created by resistance to adapt and evolve the change journey.

It is important to note that front-room matters are the heart of OD practice, and OD practitioners should be at their best when applying behavioural science research data and practice tips to ensure systemic change and people development go side by side. If at the end of the journey neither people nor system have been developed, then change has not happened at all.

Let's look at each of the five questions.

A) WHO ARE THE KEY GROUPS? DEFINITION

Groups and individuals are defined as 'key' when successful implementation of the change is critically dependent on them, because their skills, knowledge and competence are needed to achieve a good result. Whether they accept the change or not will be crucial because they hold the role of guardian angels of the new way of doing things.

For example, if a new safety procedure in an offshore oil and gas platform is being implemented, the key group would not only include professional safety officers, but also the operation and shift supervisors and all those operators who day by day handle operations according to the safety procedures.

Or if the organization wants to establish a new online sales system with a 'WOW!' customer ethos, one key group will be those sales personnel who daily handle the online sales system from processing the orders through to dispatching the product on time and seeing it arrives in top condition. However, another key group will be call-centre personnel who handle all the customer inquiries and complaints and, through their interface with the customer, are the ones who are responsible for creating the 'WOW!' brand.

Also supporting such behaviour among the key groups are those who are in charge of the reinforcing systems and procedures, eg those who hire the workforce; those who train and induct them to deliver the 'WOW!' brand; those who decide reward and compensation; line managers and those who support the managers to implement the quality standard and 'WOW!' customer behaviour in the performance management system. But mainly the key groups are still the ones who directly hold the successful implementation of the intended change in their hands.

B) ASSESS THE ATTITUDE OF THE KEY GROUPS TOWARDS THE CHANGE, THEIR STATE OF SUPPORT TO THE CHANGE AND THEIR LEVEL OF ABILITY TO INFLUENCE OTHERS TO SUPPORT THE CHANGE

At the beginning of any change initiative, it is important to gather a cross-hierarchical, cross-functional team to help identify the key groups and individuals whom the change implementation will be dependent on. Also, it is important to try to understand the context, ie the various micro systems in which these key agents/groups function and how the context may impact both their behaviour and perception of the change.

Once we map out the key groups and individuals, further diagnostic questions need to be asked about them – for example:

- What is their current attitude towards the change? How ready are they to move in the direction of change? Psychologically, how deep a shift will be required of them?
- What types of engagement and transition processes will best help them own the change agenda?
- What conditions will be needed to facilitate their ability to do their own action research and to co-construct the different routes the change journey can take to get to the desired destination?
- What types of groups do they identify with? Or belong to? Or are willing to be the advocate for?
- What capability upskilling will they need and what types of resources will enable them to make the change happen?

To give further data on how you can best work and support the various key groups and individuals, you should also look at them from two dimensions: power and influence to support the change, and their state of commitment to the change.

Figures 8.7 and 8.8 show two ways to map the key groups along those two dimensions. Both diagrams, plus Figure 8.9, have been adapted from practitioner colleagues' work whose origins I cannot trace.

The ideal situation is for the majority of the key groups to be high in commitment and readiness for the change and to have enough power and influence to help make things happen (eg people rated in boxes 6, 8 and 9 in Figure 8.8), but life seldom works out that way. We will find people displaying low commitment and readiness for change and high power and influence, or those who are medium in readiness or even high in readiness but low in power and influence. The important thing is that if we do not map the key group readiness and capability, we will never be able to gauge how easy or difficult the change will be. Also, we will not have any idea as to how best to support them in the change journey. Once the mapping has

FIGURE 8.7 Commitment to change and capability and power to support the change

Key people/groups	Commitment to change			Ability to make it happen		
	High	Medium	Low	High	Medium	Low

FIGURE 8.8   Mapping key groups readiness and capability

NOTES
1. Put the name of your key groups into the grid.
2. Anyone who appears in the 'high in readiness' column (boxes 3, 6, 9) should be supported.
3. People in boxes 8 and 5 need to be helped to make personal sense of the change.

been done, you will need to find ways, using group dynamics processes, to either up the key group's commitment and readiness or, if their commitment is already high but their influence is low, find ways to up their visibility and influence. See the next point for more ideas.

C) HOW TO USE GROUP DYNAMICS TO ENGAGE AND SUPPORT KEY GROUPS IN THEIR PERSONAL CHANGE

Next, in order to gain clarity as to how you can support key groups and individuals through this journey, you should look at the maps of where they sit from a group dynamics standpoint. Questions like the following are useful to explore: who can influence whom? Who has street credibility that can leverage a lot of respect from whom?

How much influence can who yield from which group? If we increase the visibility of some of them during the change process, would they be able to champion the change within their local areas and with what effect? Who are the potential early adopters of the change and will putting them in the same task force or design group with other credible champions of the change help get greater engagement with the change?

Understanding the group dynamics will make change agents more informed about how to design processes that will help the key groups to navigate their own change journey. The design process can be used as an engagement opportunity – pulling together some members from some of the boxes in Figure 8.8 to co-design a process to work through the list of macro issues has been proven to be very effective. One of the important tactics is to ensure the various key groups get to interface with other groups in a 'maximum' way – a methodology called 'Max-Mix'.

The Max-Mix methodology will help when people from different parts of the organization are invited to co-construct the future of the organization with members from other parts of the organization whom they do not know: It will help them to:

- gather diverse perspectives from other groups about this change;

- make personal sense of the what, the why and the how aspects of the change;

- get to understand the perspectives of those who are different from them and yet still loyal to the organization;

- gain a bigger perspective of what the whole picture is besides the perspective from their own part;

- feel positive about having a voice and a role to self-organize within that diversity to find a meaningful path forward;

- have a whole-system perspective about the change.

If you set up such a design, you give individuals opportunities to share their voices, exercise influence and support one another; to debate and argue through their own perspectives of why change or why not? What to focus on in change? What are the systemic issues that worry them? They can give feedback as well as having an opportunity to co-construct the change planning process. OD practitioners need to attend to the group process so that the process of working together will help groups to: a) learn from other people's perspectives; b) take steps to become a community (community in action).

At the end of such group processes analysis, there should be clear data as to whether these key groups and individuals think it is worth their investment to support the change; or, if it is a non-negotiable change, how they can undertake the change with the least damage to the morale and motivation of themselves and the group. Also, after using the various groups to work through the macro issues in co-construction processes, the change team should have sufficient data to know the ease or difficulty of implementing the change.

FIGURE 8.9 Where are we?

Where are we? Do we need to chunk the change?

Strategic fit

		Low	Moderate	High
Difficulty of implementation	High	Not worth doing	Rethink or chunk the change	Risk it if it is a must
	Moderate	Not worth doing	Depends on level of gain	Good enough to risk
	Low	Not worth doing	Possible state	Excellent state

Strategic fit
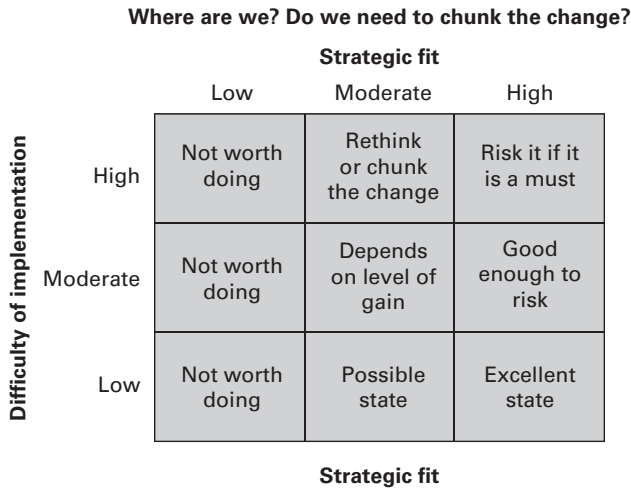
D) WHAT LEVEL OF CAPABILITY WILL WE NEED TO OFFER TO THE KEY GROUPS SO THAT THEY CAN SUPPORT THEMSELVES IN THE CHANGE PROCESSES?

To ensure the change momentum is maintained and there are sufficient change agents (sometimes called the guardian angels) to maintain the new changes, you need to ask what types of competence, know-how, expertise and mastery will be needed to help build up the target change leaders.

The basic question all change commissioners and governing bodies need to ask is 'what capability equipping will the change project need at each point in time?'

This is a common-sense approach and yet the majority of change teams receive little or no capability development and support. This often leads to ineffective leadership in change, with those in charge of the change failing to know what to do and how to lead.

An example of a change capability programme for change agents I have used is given below:

An example of a capability-building programme for a change team

- An introduction to working with complex change

- The people dimension in change and intervention methods

- How to deal with the psychological aspect in change

- How to be an effective facilitator

- How to evaluate the change processes

- Self-awareness and the use of self in leading change

It is important to work with leadership development colleagues to plan such programmes and to ensure not only the centre, but also local change leaders get such development opportunities. Recently in a public sector organization, the centre and the local leaders (the biggest gathering was around 500) went through five workshops together – from learning how to run large group interventions, to using HSD (Human System Dynamics) methodology to work with diverse conflicting groups, to facilitation skills, to learning how to use system thinking in leading transformational change, and finally learning how to design interventions. The leaders discovered that through the capability-building initiative the existing cultural and behavioural patterns had been disrupted, which later on opened the pathway for further behavioural interventions.

When this type of capability development programme is made available, its inevitable results (often unknown to the leaders) are that you are not only enabling people to lead change, but equipping them to disrupt the current patterns by using more people-focused methodologies to involve people more deeply.

E) SHIFTING OUR PERSPECTIVE OF RESISTANCE AND LEARNING HOW TO TAP INTO THE 'RESISTANCE ENERGY'

There is a wide range of reactions to change, from 'Finally, we are doing this' to 'How would this change help to address the core issues?', 'We are dealing with the wrong issue', 'This is definitely not the way to go about this change' and 'What will happen to the integrity of me, my team, or the organization if the change flops?'

Edwin Nevis, a well-known Gestalt psychologist (1987) advised leaders to see this wide range of reactions as a map of the terrain of the consciousness (awareness) of the group that the change agent needs to explore and surface as part of the critical change data, and to get clarity on how to engage the different groups. You need to do what you can to help leaders adopt this 'healthy' and 'effective' perspective in working with resistance by taking the lead and role-modelling the way forward.

Some helpful perspectives on resistance that you can use to help leaders to work with resisters in a different way are:

- Approach resistance from the inherent multiple realities people carry with them that will affect how they see the change – every perspective will yield different data for the change office.

- While resistance is mostly rationally based, it is often emotionally expressed – you need to know how to work with both the rational and affective dimensions.

- Resistance must be respected as a statement of who people are and what they stand for.

- Resistance gives you an opportunity to broaden and deepen your understanding of the environment in which the change must take place – this will help you to express your own bias about what needs to happen in what specific way.

- Resistance is not an 'all or nothing' phenomenon. It is best seen as ambivalence, or agreeing with some aspects but not the whole package – think of resistance as pointing you to 'knock on another door' in engaging with resisters.

- Most people are sincere about their resistance, as it stems from an honest but different perspective; if we honour their sincerity, they will respect the change process.

- Resistance often carries creative energy if when challenged appropriately it can be directed to finding alternative approaches to change. When properly deployed, not only will the resisters be satisfied, but also those who identify with them will feel safe psychologically.

- When resistance has no legitimate form of expression, it often turns into the underdog fighting the top dog – which is definitely not where any change team wants to find itself.

It is important for leaders to make sense of resistance, develop a stance of curiosity about the origin of resistance and commit to accept that there will always be different ways of seeing things, and resistance is absolutely normal. After all, as David Whyte (1994) pointed out, 'I do not think you can really deal with change without a person asking real questions about who they are and how they belong to the world'.

Adopt the attitude that you can then work with rather than against the energy field that comes from resistance. Our job as practitioners is to ensure we use processes to extract the rich data from resistance in order to tap into it and use the energy to engage further individuals and groups. It is important never to take sides as all positions and views about the change are real and legitimate. See Practice Note 4 for possible ways to work with resistance.

PRACTICE NOTE 4 How to work with resistance energy

Design an intervention where all resisters have a chance to voice their reasons for resistance. After they share their reasons, ask what needs to happen in order for the organization to help them to be less doubtful. Gather their ideas and then start implementing them in a visible way to show the resisters we respect their logic. Some of the resisters would become champions for the change after that.

Ask people to line up according to how much support they have for the change on a continuum, eg from 0–10. Ask people at different points on the continuum to explain to each other why they put themselves on that point of the continuum. This will help to give voice to the resisters.

Put champions and resisters together to have a lively exchange about the pros and cons of the change (to enable both sides to listen to each other as well as influence each other as new perspectives are shared). After the dialogical session, ask resisters and champions to pair up to undertake some action research in those areas where the resisters have doubts – and to deliver feedback together after joint data analysis.

Run a two-hour (lunchtime) workshop for up to 30 people where there are four flip charts in the corners of the room, each with a question. The questions are:

- What objections do I have about this change?

- Why do I support this change?

- What worries me about this change? (list all the worries I have about this change)

PRACTICE NOTE 4 (Continued)

Once they have shared their views, write on a flip chart all the main points the resisters have raised about the change – and then put each of these points on individual charts around the room – and encourage people (especially those who are low and high on the continuum) to go to each flip chart station to discuss with others gathered there. This way you give legitimacy to the dissenting voices while encouraging mutual dialogue among colleagues to iron out differences.

At the end, it is best to give resisters a job to do to help the organization to decide how best to undertake the changes.
For example, put them in a short-term task force to address one of the doubts they have, etc.

- What requests do I have for the senior leaders if I am to come with this change?

Agenda:

- Opening by senior leader about the change and what s/he wants from these sessions.
- Give instruction – grab some lunch, walk around all the flip charts and: a) have a discussion with those standing around the flip chart; b) express your views and write them down.
- Give 30 minutes for people to go around every flip chart expressing their views.
- Then ask those who started each flip chart to report key points from the postings to the big group.
- After all the reporting, ask people to share what stands out for them. After some time in debriefing, announce that all the data will be compiled and when all the sessions are completed they will be gathered together to look at the data and together decide how to proceed.
- Make sure the resisters are given a chance to join a task force to address the issues they raised.

Change implementation capabilities

So far, the chapter has focused mainly on the 'upstream' change issues, looking at the back- and front-room matters, setting up the change structure and getting the planning done to kick off the change. This is not sufficient to deliver successful change results. The success of any change depends on both getting the upstream issues right and ensuring the change implementation journey, the downstream processes, are run effectively. In this final section, I will look at some of the capabilities that boost the chance of success.

In 1995 Kotter found that only 30 per cent of change programmes succeed and this figure had not changed 15 years later (Keller and Price, 2011). A decade further on, from anecdotal sources, the success rate has remained pretty much the same. What are the reasons for such poor results over such a prolonged period?

First, the subject of change implementation is often overlooked in change literature: most change literature covers extensively how to work with a variety of upstream change processes, and whether it is in the academic or the practitioners'

world, there are very few publications on change implementation. Also, there are very few training and development events on this subject.

Second, in most change processes, by the time the business case of change has been made, resources and permissions are granted, change teams are set up and project plans are in draft form, people begin to breathe a sigh of relief and shift down a couple of gears in effort, because the work, up to that point, has been so intense and so political that most change agents feel their job has been done and lean towards relaxing. Many of them act as if they have forgotten that the change has only just begun.

Third, there is major difference between the nature of the planning stage and the implementation stage. As Tawse *et al* (2019) pointed out, planning is associated with a different set of thought processes and emotional experiences from those required for implementation. The execution of the detailed and complex processes of implementation requires a whole different skill set. That is why Tawse *et al* (2019) called the transition from planning to implementation a 'treacherous chasm' where good intentions in planning simply do not and could not make it to the other side. These authors used a highly relevant analogy to explain this phenomenon. They pointed out that in order for the implementation process to work, the implementation team needs to have the mindset of a football coach, versus a project planner or a strategist who is most interested in the intellectual or conceptual aspect of change. Like sports coaches, implementers need to realize the work does not stop with the development of a draft playbook or game plan, or recruitment of the best players. The hard work of training, communicating, motivating and developing teamwork must be done to actualize the plans. Moreover, when the game begins, the coach continues to work in the 'here and now' with the team in a way that is both strategic and tactical. This analogy captures the nature of the implementation journey almost to perfection. The human resources need to be changed: new skill matrices need to be set up and the right implementation leaders need to be in place, adapting the implementation speed and support according to the context.

So who should own such capabilities? The answer is the organization, because this is not just a matter of individual change agent competences, but a corporate mindset that places premium importance on such capabilities and is willing to invest properly to build up these capabilities. If the organization makes it a normal practice to handle implementation capabilities in this way, then when the time comes to deploy resources to alter the implementation team, there will be sufficient people who can undertake the implementation process competently. If such capabilities do not exist in the organization, then as soon as the implementation team is set up, a relevant capability-building programme should be provided to the team members.

What areas do we need to pay attention to during implementation?

In order to achieve successful implementation, there are four key areas that change leaders need to pay full attention to during the implementation period. They are:

1 Continue to invest efforts in adjusting the plan, based on implementation data, and to ensure that temporary change structures such as the PMO (project management office) continue to grow and maintain their effectiveness during the change period.

2 Focus on delivering a wide range of improvements (milestones) to keep the momentum going and to satisfy the various stakeholders in order to seal their approval and support.

3 Besides improvements, the change needs to aim for better organization health during the implementation effort so that the change will be a sustainable one for the organization.

4 A vigilant focus on translating the change effort into sustainable financial results (for the private sector), or sustainable improvements in service for non-profit organizations.

What are change implementation capabilities?

There are very few publications specifically on 'change implementation capabilities'. However, the McKinsey global survey (2014) on this topic provided real workable data for us to chew on (Johnston *et al*, 2017; Scott and Tesvic, 2014). The change implementation capabilities from the survey include the following:

1 **Know your context –** know that one size does not fit all, hence the implementation process needs to be adapted as it rolls out.

2 **Continue to grow clear, organization-wide ownership and commitment to change across all levels** of the organization as resistance and lack of managerial support will derail the implementation process.

3 Ability to know how to work with risk value, and ease of implementations to **re-focus and re-prioritize the change priorities.**

4 Ability to **secure sufficient resources and capabilities** to execute change with clear role responsibilities.

5 Exercising **clear accountability** for specific actions during implementation.

6 Ability to do **continuous improvement** during implementation and ability to take rapid action to revise plans, if necessary.

7 Planning from day one to **aim for the long-term sustainability of change** – focus on upping organization health.

8 Ability to set up and **run an effective programme management office** and ability to use standard change processes to get consistency while bearing the context in mind.

To these capabilities Blackburn *et al* (2011) add:

9 Do not stop at a vision and action plan; galvanize the organization by developing a few powerful themes.

10 Ensure everyone owns the change – use both *military- and marketing-style* campaigns to win support.

11 Focus on not just short-term performance gains but regular organization health checks.

12 Test and learn before scaling up.

Practice Note 5 is a grid that I have put together to explain what some of these change implementation capabilities mean. While doing that, I have added some self-assessment questions for the change team to assess how they can continue to up their effectiveness in the implementation processes.

It is recommended that the implementation team should meet regularly to go through these questions, to ascertain where they are in assembling the necessary capabilities.

PRACTICE NOTE 5 Questions to ask to track implementation effectiveness

Key change implementation capability areas	Possible self-assessment questions
1. Know your context: This is important because implementation processes need to be adjusted depending on geography, industry, countries, target change objectives and timescale, not to mention the organization's objectives. When the change starts, the change team needs to remember there is no one-size-fits-all approach to ensure success in a change effort. Especially in large-scale change, organizations MUST understand their specific situation and plan their approach to implementation accordingly. It is also important to specify what is negotiable and what is not to those working in different contexts.	**1.** How are you holding the local, regional context in mind as you roll out the change? **2.** What's the implication of the cross-cultural context in implementation? What do you need to consider in that local situation as you roll out the change? **3.** Are there any gender, racial, or ethnicity issues in that local, regional context you will need to take into consideration during implementation, both from the organization value perspective (commitment to people) as well as external reputational respect? **4.** Have you considered how to partner with the local work council or union regulations? (Remember each country has different industrial legislation.)

(continued)

PRACTICE NOTE 5 (Continued)

Key change implementation capability areas	Possible self-assessment questions
2. Clear organization-wide ownership and commitment to change across all levels of the organization: Two-thirds of the respondents from the global survey said organization-wide ownership and commitment to change across all levels of the organization is the single most significant factor influencing transformation/ implementation outcome. To ensure the change goes through the peril of the J curve (things get worse before getting better) and to come out fighting fit, the all-level ownership of the change is much needed during implementation. Ownership can be helpfully reinforced via: • clear **accountability for specific targets;** and • **individual incentives** for key players.	**5.** What are you doing to ensure ownership AT ALL LEVELS is sustained or enhanced during implementation? **6.** What level of accountability do those who are implementing the changes have? How do you ensure accountability? **7.** What kind of low-touch monitoring processes should be put in place to ensure monitoring is on people's radar? **8.** Has HR thought about how to ensure there are individual incentives for those who are responsible for implementing the change?
2a. 'Ownership' and 'commitment' involve much more than just 'alignment'. It requires the right buzz: Commitment is a level of psychological investment that drives personal, proactive action – and such commitment should become even stronger when people realize that failure may have adverse consequences for the organization. Building commitment requires getting **the 'right buzz'** to keep people engaged by constantly adapting the story to ensure it will captivate the imagination of the troops. Work with social networks and tap their influence – as social networks play a critical role in propagating a compelling change story through the entire business – which is a critical way to influence change.	**9.** In communication, what should we do more to create the BUZZ to stimulate the spread of ownership and commitment at all levels? What is your starting story line? Is it still working? Do you need to change it? **10.** Do people understand the adverse consequences if the change fails? How can we communicate that without engendering fear, and instead fuelling further proactive action and increasing personal willingness to invest more effort and time? **11.** In the change infrastructure, are you providing the right supporting processes? How do we know? Should we have a question asking people about that in our regular survey? Whose job is it to do that?

(continued)

PRACTICE NOTE 5 (Continued)

Key change implementation capability areas	Possible self-assessment questions
2b. During the implementation stage, ownership and commitment also need to foster a leadership style, which can be portrayed in two areas: **1.** Sets bold aspirations with clear accountability. **2.** Emphasizes the challenging and supportive dimensions of leadership (both authoritative as well as consultative qualities – both are needed in some situations). This will require a significant investment of time and attention on the part of leaders. During implementation, you need leaders who are relentless in pushing and encouraging their reports, while also willing to make tough decisions. The activities you will require from the leaders are: constantly assigning and re-assigning roles; soliciting feedback; sorting out problems rapidly; and continuing to build capability in the local area.	**12.** What are you doing to help leaders to understand that during the implementation period, there is a specific leadership style that is important to hold the process on track? **13.** What resources for leaders have you put in place to up their capability to lead the implementation process? **14.** What partnership you should have with the leadership development colleagues so that they can support you in strengthening that leadership core? **15.** Who will support as well as hold leaders accountable in both pushing and supporting?
3. Ability to do continuous re-prioritization of change areas: During implementation, leaders need to increase their ability to re-focus the priorities of change areas. This is because at the beginning of the change, there tend to be more initiatives to kick off the process. If all these are maintained the organization's resources will be spread too thinly. So during the implementation phase, what an organization chooses not to do is every bit as important as what it does. This will require change leaders knowing how to: • Discern which change items are of high value as well as being easy to implement. Start with such items to build momentum (criteria of value, ease). • Calculate risks by reviewing what may be the full gamut of unintended outcomes that could derail implementation or cause material damage to the business. Such review has to be FACT based, with robust data to show the nature of the risk.	**16.** How often do you look at the change priorities and re-rank them, based on review data? **17.** Do you keep track of the risk factors? Do you keep track (during implementation) of risks that are changing? If so, how may that affect your list of priorities? **18.** What criteria should you use to look regularly at the prioritization of your change initiatives? **19.** Do you have 'zombie' projects that are draining your resources and are of less importance? **20.** What type of transition process should you put in place to end those projects or subsume them under other higher priorities? **21.** What other priorities need to be strengthened and have more time and resources put into them?

PRACTICE NOTE 5 (Continued)

Key change implementation capability areas	Possible self-assessment questions
• Lessen the possible negative forces of various action by re-ranking priorities according to their risk value. This can be done by having pre-emptive measures, setting up contingency plans and monitoring. Watch out for zombie projects that drain precious resources. Prioritization should not be a one-time event, but rather should serve as a core tool to assign resources flexibly as dictated by available data.	**22.** Are there any new items that need to be introduced to the change plan? **23.** Who should be involved in reviewing the priorities so that a 'rounded' or 'systemic' perspective is used in doing this re-prioritizing exercise?
4. Sufficient capability and resources to execute changes: During implementation, we need to have a continuous supply of capable people who can helm as well as support the implementation period. It is both their skills as well as their motivation that are needed to work with a fast-moving and often ambiguous set of challenges. The decision about who should be supporting the change must not be based on who happens to be available. If there are insufficient capable change implementers, then effective capability-building will be central to any successful transformation programme. Having a detailed skill matrix of all the team members is useful. The PMO needs to have a comprehensive knowledge of what functional, managerial and technical skills will match requirements across the breadth of roles involved in the transformation programme. This needs to be followed by a stringent process for evaluating skill-building progress that fosters a continuous learning cycle as people at every level develop new talents. Capability-building programmes are therefore central to any successful transformation. Besides human resources, what other resources will the PMO need?	**24.** What implementation capability you have, and what you lack will impact your implementation success. Can the change team be very specific about what types of skills they need to have in their team? **25.** Have you attempted to do a skill matrix using the change implementation requirements as the basis of working out the matrix. **26.** How should you integrate your recruitment of change implementers as part of talent management as well as leadership development? **27.** What capability-building programme will help you to up the competence of your existing team? What should the capability-building programme look like? **28.** How would you know if you do not have the right capability during the implementation phase? **29.** Are HR, LD and change leaders working together to ensure that you do not just get the right skill for the change programme but also develop a cadre of leaders to lead the organization post-change, and to ensure the talent pipelines are being nurtured?

(continued)

PRACTICE NOTE 5 (Continued)

Key change implementation capability areas	Possible self-assessment questions
5. Clear accountability for specific actions during implementation: Organizations that are good at implementation tend to be supported by the following practices: • There are standard agreements/procedures/principles that everyone can follow, and clear accountability among the change team that they will comply with such procedures, though they need to bear different contexts in mind. • During change, it is important to ensure that employees are regularly assessed against their individual goals and targets. • It will be good that all change members will receive appropriate feedback and ongoing coaching both for their line of specialism as well as in their change role. • During implementation, it is important that leaders continue to do regular performance conversations. They need to have processes in place to identify problems and give employees effective feedback.	**30.** Who evaluates the performance of the change team and the delivery teams? What type of coaching feedback do they receive? **31.** Do you have standard procedures and principles that all change agents need to comply with? If so, do they know what they are? How do you remind them? How do you monitor their compliance? **32.** For those change agents who are not 100% released from their specialism – how do they get feedback both on their job as well as their change roles? **33.** How do we send the message out to the managers and staff that, whether you are directly involved in the change programme or not, you are expected to support any change implementation duties that fall within your job roles?
6. Continuous improvements during implementation and rapid action to devise alternate plans, if needed: The challenge of successful implementation is to track the delivery of improvement milestones while identifying how many difficult improvement initiatives there are. If certain improvements are difficult to implement, then a quick diagnosis of factors may increase understanding about what may be preventing the delivery of the improvement. Alternative plans and processes can then be organized to keep new energy going and for the system to move towards achieving those improvements.	**34.** What specific milestones of improvement are you using during implementation? Is everyone being clear about them and do they know how to move towards delivering them? **35.** If the milestones are not met, whose job is it to shift and adapt the change processes in order to ensure improvement milestones will be met as intended? What level of employee participation is encouraged during the implementation – to test, to try, to feed back?

PRACTICE NOTE 5 (Continued)

Key change implementation capability areas	Possible self-assessment questions
During implementation, you will need to ensure: a) A change programme needs clear and unambiguous metrics and milestones b) Within the change programme, employees need to be encouraged to take initiative and contribute to changes. c) The change programme needs to focus on real behavioural change. d) Remember aiming for short-term performance gains is not everything; regular health checks are needed too.	**36.** Do all the change improvements have clear and unambiguous metrics and milestones so that everyone understands what they are and what parts they personally are responsible for? **37.** Is there any systemic drive for behavioural change? How do you go about building wide and deep 'zealots' to influence behavioural change?
7. Planning from day 1 for the long-term sustainability of changes. It is important to build organization health aspiration into the change indexes (refer to Chapter 12 for details). Any change programme provides an opportunity for the organization to build its health, and a healthy organization is much more capable of ensuring changes will be sustainable. Changes in one area will need reinforcement by changes in other areas (systemic alignment). In Chapter 12, an organization health model by McKinsey is introduced, and there are four recipes that will enable an organization to get healthier and healthier. The four recipes are: • Talent and knowledge core • Market shaper • Leadership factory • Continuous improvement engine To obtain implementation capabilities, the change teams need to have organization health goals behind the change goals so that the bigger scaffolding can hold the change goals. It is important to keep asking whether the change teams are paying attention to any of the four health recipes while the change journey is being run.	**Talent and knowledge core:** **38.** What percentage of your talent has been deployed to accelerate the implementation of the change in their area? What capability building will be needed to ensure they will become significant guardian angels in the new world? What range of post change appointments will they have – having built such skills among them? **Market shaper** **39.** In this change, what do you need to do to deepen and widen your understanding of customers and competitors? **40.** What needs to happen in order to support people to translate such knowledge into continuous innovation? **41.** How good are you in continuously scanning the external environment, and teaching leaders at all levels to become more and more externally savvy? And how good are you in encouraging those leaders to turn external market insights into building a portfolio of innovative actions?

(continued)

PRACTICE NOTE 5 (Continued)

Key change implementation capability areas	Possible self-assessment questions
	Leadership factory:
	42. During the implementation of change, what types of leadership experiences will the change agents be having? What type of leadership development programme can you put on to continue to build up strong leaders at all levels?
	43. What focus do you have currently on upping the ownership and capability of middle managers who, in the new world, will hold key implementation roles in executing the various changes?
	Continuous improvement engine:
	44. While we know involvement by all is not possible, we need to do more, during implementation, to involve most employees in driving performance and innovation, and gathering and sharing insights and knowledge across sites and regions as part of the change sustainability development.
8. Effective programme management and use of standard change processes: A successful implementation requires the support of an effective and empowered programme-management office – a formal temporary structure that is charged with leading and monitoring the change progress. This requires a clear governance structure with well-defined roles and objectives. Leaders are held accountable for outcomes at four levels: • an executive steering committee has overall responsibility for the effort; • a programme management office is charged with coordinating the programme; • executive sponsors provide leadership and guidance; • initiative teams are charged with meeting individual targets and milestones.	**45.** Looking at the scope and the political dimensions of change, has your organization specified the various roles in the PMO? What types of individuals will be suitable for filling those roles? Also, has the change team been working with the talent management colleagues to see who – within the talent pipeline – can be pulled out to do a 'whole system' role? **46.** Once the team is set up, there should be a formal team launch – supporting the group of staff to become a team, agreeing ground rules and working collaboratively across the system. Has such intervention been done before? **47.** Has the governance structure been set up, and how often should the PMO report to them?

(continued)

PRACTICE NOTE 5 (Continued)

Key change implementation capability areas	Possible self-assessment questions
There need to be some non-negotiable standards that everyone needs to comply with. There need to be standard operating procedures for employees, and means of ensuring these are complied with. Processes need to be in place to identify problems and for effective feedback be given to employees. During implementation unforeseen obstacles and difficulties will emerge. It is good to have an offshoot of the PMO from which different change teams can ask for help. This body can also systemically identify potential barriers to effective implementation and design mechanisms to address them, but they are working under the formal PMO. McKinsey's research shows that transformations are three times more likely to succeed if such a structure exists. They call them a next-generation programme-management office to identify and address barriers to change.	**48.** Have the terms, procedures and policies been established for the change teams? Have they been communicated, and have the teams been given support to implement them? Has there been agreement on how they will be monitored? **49.** Have the PMO, and next-generation PMO, thought through how to define, redefine and develop the mindsets required to support new behaviours? Also how will they role-model such behaviours?
9. Do not stop at a vision and action plan; galvanize the organization by developing a few powerful themes: The leading causes of failure in change are employee resistance and management behaviours that do not support the desired changes. Hence, during implementation, the change team with the support of senior leaders, need to both stipulate as well as role model the types of management behaviours that the change is looking for – to galvanize the organization around a few powerful transformation themes. Programmes were six times more likely to succeed if during implementation they were structured around readily understandable themes (building the right buzz for commitment).	**50.** How are you going to build a communication change team that, instead of just having communication professionals, also has representatives from PR, sales and marketing, and OD professionals that have human-centric expertise and experience? The job of the team is to aim to: a) reduce resistance among people as the change begins to roll out; b) build commitment to execute the change plans in their day-to-day roles. **51.** What **inspiring** themes does the change need to own, uphold and propagate in all that the organization does, so that they will provide the right buzz to increase people's commitment?

PRACTICE NOTE 5 (Continued)

Key change implementation capability areas	Possible self-assessment questions
McKinsey's articulation of this approach is to combine using both military- and marketing-style campaigns during change implementation, to win, secure and enlarge support for the change. This helps people to make sense of why they should participate in the change while also stipulating what is required from them. The challenge for the centre is to think what can be kicked off by the corporate centre but must then be left to spread organically from peer to peer, relying on voluntary action rather than push from the top to reach a wide audience.	**52.** Have you made clear what needs to be complied to with military precision, and which areas of change can be voluntary, or a matter of local or personal initiative? **53.** Do you have a clear link connecting the aspiration and the big picture – together with detailed activities for different groups? **54.** How do you let everyone know where the change programme is heading and how far it has progressed? **55.** How do you balance tightening managers' formal accountabilities with mobilizing self-directed change deep in the organization?
10. Test and learn before scaling up, do not expect one pilot to be enough: It is important in any wide-scale change programme that improvement initiatives are piloted before they are rolled out. Pilots are not normally a popular move in change teams because either people do not have the patience to wait or they resent pilots taking resources away from the actual change. However, if the change is complex and there are many unpredictable factors influencing it, it should be tested in different sites, different regions and functions, so that there is consistent data across diverse context of the pilots/trials to signal the viability of the change. 'Start slow to go fast safely' is a useful tag.	**56.** Do you have the habit of testing and tailoring the roll-out of your changes? **57.** When there is a rush, who are the people pushing for the rush? What are your tactics to stop this impatience? **58.** Depending on what you are going to pilot, you need to be clear about the criteria you will use to determine its viability or not. You also need to decide what degree of variance is allowed if the pilot is done in different contexts. Mainly, you need to have a way to test whether the pilot evaluation criteria are robust or not. **59.** When you scale up from the pilot, do you need new evaluation criteria? How do you take the increase in scale into consideration? **60.** Who will be monitoring and evaluating the pilots? What is the best way to pick up early warning signs in order to adjust?

Summing up, it is well known that implementation is not only hard to get right, but in every transformation project there are major leaks of value at various stages of the implementation processes. Some initiatives never get to fruition, some are prioritized highly but without the right type of capability to see through their implementation, some areas are neglected because there are insufficient resources. Some start well but

do not sustain themselves. So it is important that any change team should regard it as their role to safeguard the implementation processes and to ensure more value is retained, if not added, during this treacherous journey. Moreover, the benefits of having implementation capabilities are well documented by the McKinsey's survey, so let's end with this data set on the benefit case.

What is the benefit case for having effective change implementation capabilities?

In 2014 when McKinsey asked 2,079 executives in their global survey (with a further 151 executives joining the survey later) 'does effective change implementation matter?', they all answered 'YES, very much so' (Johnston *et al*, 2017; Scott and Tesvic, 2014). When asked why, the survey respondents pointed to the role of 'good implementers' – which the survey defined as companies that had: a) reported top-quartile scores for their implementation capabilities; as well as b) achieved superior performance on a range of financial performance metrics during change. The superior performance they were referring to was the ability of the top-quartile implementers to achieve a much higher percentage than the bottom-quartile implementers in meeting all or most of their change objectives in five years.

Attempted change efforts that met all or most objectives, past five years	
Top-quartile good implementer organizations n = 563	76%
Second-quartile good implementer organizations *n* = 547	51%
Third-quartile implementer organizations n = 553	32%
Bottom-quartile implementer organizations *n* = 567	16%

In other words, the top-quartile implementer organization is 4.75 times higher than the bottom-quartile organization in achieving most of its change objectives over a five-year period. On top of that, two years after a change effort had ended, those companies still sustained twice the level of financial benefits of the poor implementers. This is impressive data to show the importance of having strong change implementation capabilities for those changes that the organization wants or needs to achieve.

It is important that each organization builds up its implementation capabilities over time, not just for one change project, but for all change initiatives. Developing effective change leadership throughout an organization will then become part of its competitive edge over other organizations.

Summary

All the front-room work is to ensure people will have space to take part in the change process – bringing in data from local areas that others may not have, supporting them to make personal sense of the change, giving them a sense of agency to have some control of their own future, giving them a voice, because all changes impact on people's sense of psychological identity and autonomy. The focus of this work is both **engagement** and to gather robust data from people in every part of the organization.

All the back-room work is to ensure the change is approached and set up in as rational and logical a manner as possible – especially since all complex changes require an effectively run back office.

There are no short cuts or easy ways to help an organization navigate through complex changes – we will need to use every channel, approach and methodology to support the organization. If we only take care of the back-room matters without due respect for the front-room matters, then we are bound to fail as not only is the organization a living system, but it also connects with other living systems – and that interaction will give rise to different forms of emergence that the change agents need to work with.

If you only work with the front-room matters, without paying attention to the cost, the risk, the compliance requirement, the level of gain, the proper infrastructure required to support the change, the change timeline and the change outputs, then you are also vulnerable as you stir up the passion and commitment from people, yet there is no capacity to carry out the change implementation.

So while the OD and complexity and chaos change approaches should be the dominant lenses for you to see and work with complex change, practitioners need to be just as savvy as those consultants in the big four consultancy firms – know how to cost the change, how to set up metrics, how to measure change and how to support the change using fit project management tools. It is a 'both-and' **not** an 'either-or' approach. Our job is to excel in our ability to integrate the front- and back-room matters to form a robust change plan.

Let me end this chapter with Figure 8.10, which shows what types of issues should appear in an integrated plan, and how we can plan interventions to deal with both back- and front-room issues. For example, you can run an event for the **key** groups and individuals that will involve them to identify most of the questions listed on the back-room side. By involving them in doing the scoping, you can also expand their engagement and identify who should be recruited to visibly lead the change.

Working out the issues both from the back room and front rooms will help us to set up the changes for success.

FIGURE 8.10 Integration of back- and front-room matters

Front room matters

1. For each area of work, who are our '**Key**' groups? Successful implementation is dependent on them.

2. What is the '**readiness**' and '**capability**' of the key groups?

3. What are their '**transition**' issues that we will need to manage?

    - ending
    - neutral zone
    - new beginning

4. How do we ensure the **capability** of the key groups is maintained and upgraded to support the change implementation?

5. How do we expand our **engagement** of the key groups so that they will support the change?

6. Who should be **visibly leading** the implementation of this stream of work? How do we prepare them to take on the role?

7. Who are the other **stakeholders** we will need to keep informed?

8. What are the **HR issues** we will need to manage? How best to handle them?

9. Who should be in the **temporary change structure** to offer sustainable momentum?

10. What do we need to do to '**encourage the heart'** and who should be given that accountability?

Back room matters

1.

What is the change about? What is the arrival point? How far is the distance between where we are and where we want to go?

2. What type of change is this? How many '**Big**' areas do we aim to change? What is the focus of change: structure, culture system/process, leadership, people, operational protocol etc…?

3. What's the business and benefit case for change? What level of gains must we aim for?

4. How do we set up clear deliverables in each area – what are we measuring for success?

5. What are the sequences of change? – what area will we need to deal with first? – what should go first to stabilize the heart?

6. Within what type of time frame, finance, policy and value parameters?

7. How do we '**safeguard**' our production capability during change? Who should have that accountability?

8. What systemic alignment will we need to make in order to achieve sustainability of the change?

9. What will the change plan look like? Who is holding it together?

09

Can behavioural change be made easy?

Overview

Change is a verb meaning to: a) alter or make different; b) make to pass from one state to another; c) exchange one for another. It is all about requiring people to change their habit, tradition and practice from one form to another. As the following quote so elegantly puts it:

> The core of the matter is always about changing the behaviour of people. In highly successful change efforts the central challenge is not strategy, not systems... but the need for significant shifts in what people do.
>
> John P Kotter and Dan S Cohen (2002)

Yet, one often hears 'Once we finish the process of restructuring, then we will think about the people and behavioural components'. Or 'the people will come around, so let's do this first and they will see sense and follow'. Such statements express a distorted view of what organization change is about. Margaret Wheatley and Myron Kellner-Rogers put it succinctly in one of their public lectures in 1998:

> Failures at organization change are the result of some very deep misunderstandings of who people are and what's going on inside organizations. Such misunderstandings must be corrected before effectiveness and hope can return to our experience.

Research shows approximately 70 per cent of change initiatives fail because:

- the results of the initiative land significantly below expectations;
- the organization reverts to its original starting point;
- the initiative never garners enough support and therefore fails to launch.

However, among those 30 per cent of change initiatives that succeed, the common characteristic is the ability to change individual employee behaviour. The reality is that every change initiative, whether it is large or small, **does** require employees to work differently, and sometimes in an extensive, fundamental way. Being able to help

employees to shift their behaviour voluntarily in change is often the linchpin that defines success or failure.

Who has the power in any organization to actively demand a shift in both the way employees think and the way they behave? Who has the right to ask people to exchange one state of existence for another; move from a position of comfortable mastery to a psychologically disoriented state; change their behaviour from one form to another?

The simple answer, of course, is the employer. When an individual agrees to seek employment in an organization, they voluntarily give up some of their power or they accept the organization has power over parts of their life, especially when the organization requires them to work under compliance in daily work as well as in change in order to build coherence. But the question is, what changes can organizations legitimately ask from their people? The full deployment of their specialist knowledge, skills, competence and an acceptable standard of performance within the job role, yes, but does the organization have the right to demand an employee become a different type of person and shift their approaches and personal preferences as they execute their job? This is both a philosophical question and a civil liberty issue. It is a question that is seldom debated properly, but it needs to be because I believe that if organization leaders have a niggling doubt about whether they have the right to insist on behavioural change, they may end up being more humble, tentative and take a more compassionate and conciliatory approach – instead of focusing on forcing, demanding or shaming as tactics to get behaviour changed. In the arena of behaviour change, leaders need to learn how, with OD support, to create conditions that facilitate voluntary enrolment for behavioural change.

In this chapter I will cover:

1   Three different approaches to look at culture and behavioural change.

2   Four ways that offer alternative insights on how to do behavioural change:

    a. Shifting language and narratives

    b. System I and System II thinking

    c. Using group dynamics

    d. Using CDE – a method from Human System Dynamics (HSD).

3   Summary – the practice implications for practitioners.

Three different approaches to looking at culture and behavioural change

In Chapter 8, we talked extensively about 'key group analysis', referring to the group upon which the successful implementation of any change initiatives is critically dependent. However, that is only half of the picture of successful implementation.

The other half is what the organization does in facilitating cultural and behavioural change among these groups, because sustaining change results is not possible without that.

There are over 300 definitions of culture; they can be summarized as the ***commonly held and relatively stable beliefs and attitudes that exist within an organization***. This view holds that the culture of any organization stems from belief systems and basic assumptions (often becoming subconscious once the patterns are formed) through formal induction and informal learning about what constitutes successful behaviour. These are then translated into reportable attitudes and values which manifest in observable behaviours.

Basically, culture means the way people **think** and **do things** around here. In its Latin root, the word culture means the act of cultivating. Whatever yields results will be kept and become the pattern that people will repeat again and again until it no longer serves them. Even then, it is hard for a group to escape that well-set pattern, as by then it has become the norm sustained by individual and collective behaviour.

In that way, a pattern is formed by what leaders believe is 'successful' action they take, which is often drawn from core values as to what's important, then transmitted into the norms and behaviours of the system members. The collective behaviours in turn reinforce the core values. This process is supported by a wide range of signs, logos/symbols, policies, stories, ethical codes, explicit and implicit beliefs, specific use of language, values and principles, sometimes organization architecture and the metaphors the organization uses. This also includes those who have been designated as the organization heroes. The constellation of the range of reinforcers is what makes the act of changing culture and behaviour patterns such a daunting task.

Once culture is formed, there is a powerful evaluative connotation attached to it as the organization clearly uses it to delineate what is 'acceptable' and 'unacceptable' behaviour, which the organization will reward or punish.

Figure 9.1 spells out the shapers of culture, and there are many shapers one has to work with when it comes to a culture change initiative.

Culture works backwards

In my many years of experience in supporting culture change initiatives, somehow, I have never been satisfied with the four-step, six-step or five-phase types of approach, as those methods are too mechanistic and take too long. Instead, I mainly apply three methods of looking at behavioural change within any culture change initiative, as they make culture change a more liberating task for all.

Pragmatic approach: As shown in Figure 9.1, you can work backwards, focusing first on the desired results of the organization (often the change goals) and second on the types of behaviour and reinforcers that will be 'fit' enough to support the delivery of the change goal, and third on what shapers need to be introduced to stabilize the

FIGURE 9.1 Shapers of culture
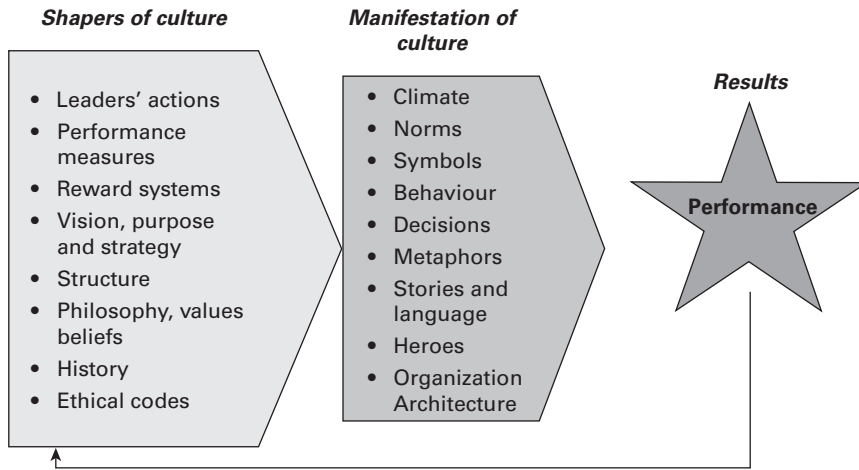
behaviour (eg ethical code, vision, rewards system, etc). This approach is matter of fact and practical. It reduces the risk of clients feeling that their behaviour has been labelled bad, helps clients become more relaxed, and leaves practitioners better placed to set up processes for people within the system to pick up and work with the issues themselves, asking if that is our goal, what would **fit** behaviour look like? In different situations, what would people you interact with say about you if they experienced that type of behaviour, etc? This approach does not focus on 'culture change', it focuses on how to align behaviour to what is desired.

Anthropological approach: The second view about culture change comes from an anthropological perspective.

The anthropological view of culture

In the study of culture, there are two views:

- The first focuses more on the mechanical and scientific view of culture, which defines culture as what an organization **has**; culture is conceived as one of the components of an organization. Therefore, changing culture tends to be seen as a modular design and hence the culture the organization needs will have to be shaped, manipulated and engineered. While this perspective is firmly grounded in system thinking, its utility is limited in culture change, especially in comparison to the next perspective.

- The second view on culture is an anthropological one. This view believes that an organization does not have culture – the organization *is* culture. Culture therefore is not only a component, but a pervasive paradigm for interpreting the external world and the organizational life processes within. The **key** point that emerges

from this anthropological view is that culture exists not so much **inside** or **outside** but '**in-between**' people. The concept of cultural change effort is aimed at altering the quality of this '**in-between-ness**' of individuals, groups and organizations. Cultural adjustment and alignment is therefore a day-by-day affair, especially during the change between individuals and groups. This approach always aims to support people to shift their own pattern of 'in-between-ness'. In other words, we are encouraged to 'think culturally' (ie for everything we do in change, we think in cultural terms) instead of 'think about culture' (ie how to do culture change). This view of culture breathed hope into many of us as we/I instinctively knew that was the right approach to look at behaviour change – focusing on every transaction and always looking out for opportunities to improve the quality of interface and exchange between individuals, groups and systems.

- **Pattern versus culture change approach**: The final approach is to stop using the term 'culture change', instead re-labelling it as a less complicated concept, ie 'shifting patterns' – a term made popular mainly by the complexity and chaos theorists.

What is a pattern?

Concept of patterns

The Merriam-Webster dictionary defines a pattern as the regular and repeated way in which something happens or is done; once it is formed it becomes a model proposed for imitation and used as a model for repeating; this configuration becomes a reliable sample of traits, acts, tendencies or other observation characteristics of a person, group or institution.

The concept of pattern originated from a different field of science; for now, it is important to acknowledge its source from the biological world in which all living matter has patterns in the way it functions. For plants, animals and people, there is a tendency to adapt their pattern as the environment changes in order to survive and thrive.

In OD, Schein (2004) defines patterns in his exposition of culture:

> Culture is a pattern of shared basic assumptions – that was learned by a group as it solved its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

Glenda Eoyang, a well-known thinker and practitioner in the school of Human System Dynamics (HSD) has defined patterns as: 'recognizable similarities, differences, and relationships that have meaning across space and time'.

In other words, patterns are much more recognizable and identifiable than 'culture', something that members of any system can be helped to understand and use. This is the reason why focusing on **pattern shifting** rather than **culture change** makes the work in behavioural change easier and more accessible for members within the organization.

Patterns of groups, like patterns of individuals, are highly observable, and not only can members within any group identify them, they can also deduce what simple rules sustain such patterns. Hence, instead of working with heavy-duty concepts like values, belief systems, core principles, ethical code, paradigm, mental models, moral action (which are still very important for forming the backdrop of simple rules), we focus on the behavioural patterns and how those patterns are describable by simple rules, and so the whole culture change journey becomes a more achievable process.

Sustainable culture change needs to be voluntary and all genuine behavioural change requires:

1 the process of meaning making – ie those whose behaviour the organization wants to shift must make sense of why such change is required;

2 generating motivation for the people to become more literate about the concept of behavioural patterns;

3 the know-how to assess the fits/misfits of patterns of behaviour to what is required by the organization; and

4 people learning how to take small steps to support themselves to do the shift.

Hence, it is crucial for OD practitioners to use an accessible method of supporting members of the system to choose the path they want to undertake; in that way the chance of success will be increased significantly.

In our OD practice framework, it is always important that you create the change process to support members of the system to do their own action research, analyse the pattern data they have collected, and by looking at the implications of such patterns on their new desired state, they will then be willing to move themselves into action. By using the concept of adaptive action ('WHAT? SO WHAT? NOW WHAT?'), the system and its members are empowered to find both the language and the concepts to do its own work supported by some processes that they should be able to play a part in designing.

Armed with these three key perspectives in looking at culture change, I have started to work with simpler concepts, focusing on patterns and behaviour from day one of any change initiative – mostly in a covert way – by using some of the methods shared in the next sections. When things start shifting, I lead a retrospective discussion, asking people what they have observed, and what might have happened, which in turn creates an opportunity to show the system how to use these concepts and theories to continue to adapt behaviour as part and parcel of the change process.

Four ways that offer alternative insights into how to achieve behavioural change

I will focus on four ways that can also aid in the pattern-shifting work that needs to start from day one. I will briefly introduce what they are and then share some practice examples:

1 Changing behaviour by changing language – Social Discourse theory
2 Richard Thaler's Nudge Theory and Daniel Kahneman's System 1 and System 2 thinking
3 Leveraging group dynamics to shift behaviour
4 CDE – the HSD methodology that helps inter-groups to shift their behaviour

Changing behaviour by changing language – Social Discourse theory

Social discourse thinking is very much based on the key premises of social constructionism, which is a core concept in the area of change, as discussed in Chapter 2. I will reiterate some of the key insights and how they can apply in our practice.

Berger and Luckmann (1966) argued that all knowledge, including the most taken-for-granted common sense of everyday reality, is derived from and maintained by social interaction. The sense-making process in any situation comes from our interaction with people, during which the reality of the situation is interpreted, debated, created or constructed in that moment. Dialogue either gives rise to new narratives or reinforces the old and – through language – will continue to be passed on, often unchallenged, and shape the members' perspective on their situation. In 1995, an article by Barrett *et al*, 'The central role of discourse in large-scale change: a social construction perspective' stressed the concept that change occurs when one way of talking replaces another way of talking. The authors believe effective change requires organization members to alter their cognitive schemas for understanding and responding to organizational events as language frames and creates how and what we think about things. As new language begins to generate new actions, it will in turn trigger different possibilities for action and basic assumptions and beliefs are altered.

This is echoed by Marshak and Grant (2011) who believe that 'talk reflects how the person sees reality; and talk informs and shapes action'. Marshak's diagram of the relationship between talk and action and how language shapes meaning and action is presented in Figure 9.2.

Figure 9.3 is a grid that I have constructed to illustrate and give examples of how talk may lead to different action – something readers can use as their teaching points. I am sure that all of us have experienced or witnessed how different narratives produce different types of energy that lead to different ways of seeing situations or lead to possible actions that have not been thought through, or both.

FIGURE 9.2 Language shapes meaning and action
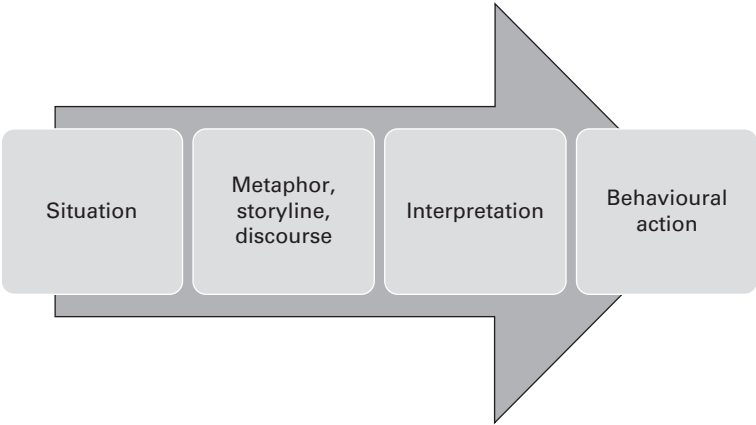
SOURCE Adapted from Marshak (2002)

FIGURE 9.3 How different talk will lead to different action

Narrative 1	Possible action	Alternative narrative	Possible action
The environment trend is always changing and is so hostile, we are exhausted.	We just cannot afford to do any more. Let's wait and see how these trends develop.	The challenges present in the environment are tough, but we have been there before and we know we can identify new ways of operating that will get us up a notch or two.	We'll carve out some time now to work through the key issues so we will be ready to deal with them in case those challenges become real in the future.
People are so stuck in their own silos, it's hard to continue down this one-way street.	I think we should give up our effort to support them when we get no reciprocation – time for them to learn.	People are so over capacitated, what can we do to make collaboration easier for them?	I wonder if we put ourselves in their shoes, what type of help they would appreciate from us so that they will be willing to collaborate more with us?
We tried for three years to get an organization strategy done, but we have never made it. Do we need to do it again?	The process is both obsolete and unnecessarily painful. I think we should just give up and continue to do our own thing.	We have done our best to share our strategic priorities but we did not know how to integrate them, so this time we will need help to integrate all our objectives.	We must not give up, as our staff needs us to have an aligned strategy so let's find some external help who can support us to do better in this process. Let's ask the OD team what they think.

Surprisingly, this simple intervention has not been used extensively by practitioners, even though many of us believe in the power of changing the language. I wonder whether in the traditional way of thinking, where clients value expertise (as that is what they think they are paying for), some practitioners think this type of simple intervention will not impress the client. Indeed, one of my senior clients complained to me about her OD team: 'what rubbish they are telling me – change happens one conversation at a time'. If you work for a boss like her, then you may lose heart in applying this theory in your change methods.

If you belong to this group, then I have two tips for you. First, integrate this into your day-to-day methodology without raising a big banner about it – in other words, use it covertly, as you do the anthropological sense of culture; use it to impact the day-to-day interface or the 'in-between-ness'. Get together a small group of keen people from the client organization who are eager to learn and show them how to do this. Once they are excited about this methodology, send them out as covert agents, subtly shifting the pattern by introducing new ways of speaking. Gather them after a period to review the results their personal tactics have produced and then reinforce their further application.

CASE EXAMPLE

Organization X was undergoing a very complex change initiative. Its culture placed a high premium on intellectual rigour, expertise and being perfect – standard phrases like 'we need to structure for success and there is no margin of error' were used in almost every situation. This complex change required a radical shift in the set of behaviours that came from that cultural context, as the organization saw innovation and experimentation as high-risk activities. The organization's readiness to change was low and the change team I had were all from the elite talent pool. So I knew very early on that I needed to start a covert change process by introducing a number of new words and phrases that offered alternatives to the perfectionist, expertise-driven and task-focused culture. I then introduced the word 'blip', rather than speaking of unforeseen or unintended consequences.

Figure 9.4 shows examples of my alternative text changes.

I also started to highlight those forgotten stories of past organization heroes and heroines who survived mistakes and still managed to do great work and be respected. Of course, changing words, language, narratives is more than just that – you are directly (though subtly) disturbing the organization and its members' cognitive schema, their normal thought patterns and assumptions by substituting them with workable alternatives, which then help the shift to take place in baby steps, often even without them knowing it. When these baby steps lead to different, positive results, get your change team together to make sense of what is happening and encourage them to list the rest of the standard culture talk that is preventing the

FIGURE 9.4 Alternative text

From	To
That is such a bad and unnecessary mistake.	Every mistake is too good an opportunity not to learn something to achieve even greater growth.
What a nightmare response we got from this senior management event.	What a normal blip we are getting when we work with 120 very clever, headstrong leaders and their response shows that their caring energy is still there for us to tap into.
This move is career suicide.	This is a courageous move that requires us to think a bit more about the power and politics behind it. Well done on this idea.
Why does that department always block us?	Do they block us, or do they block themselves because of their anxieties about their future, let's see what we can do to promote a win–win situation from our joint working.
We as middle management never have power to act on our dream.	Where would the organization be without the middle managers in operation? Let's talk about the key contribution middle managers have made to this change effort. Shall we have a middle management conference to showcase your achievement?

organization moving forward with the changes and find alternative words and narratives to change the talk.

An alternative way to introduce this set of principles is to build in 'subtle teaching' through your diagnostic work. Ask those with whom you work, eg the change office, some of the following questions:

- What discourses (narratives, stories, metaphors, etc) are holding things the way they are in the organization?
- How can you use conversation as opportunities to construct new premises and possibilities?
- How are prevailing narratives reinforced in day-to-day conversations throughout the organization and how might we change those conversations?
- What alternative narratives and language can you introduce to raise different perspectives on what can be done or what cannot be done in regard to this change?
- What existing social discourses are supportive of this change? How can you multiply these social discourses?
- How may you seek to change the discourse at multiple levels to support this change effort?

- What forms of organization power and political processes can you use to deal with the counter discourses in order to shift perspectives and grow new behaviour?
- How many levels (intrapersonal, interpersonal, group, inter-group, total system, etc) can you target in your attempt to shift social discourses that will give you maximum impact and speed in shaping this change effort?

As Marshak often encourages us to pay more attention to the power of transforming talk and text, you should aim to do more to support clients to transform meaning and action, which in turn will transform talk and text, which in turn will transform meaning and action, which in turn…, etc.

From these theoretical insights, we practitioners should be on the lookout for the current story/narrative from members of different parts of the organization that may support or derail the behavioural change. Basically, always be interested in gauging the impact of the current narrative on people and the organization. Then you can move to what future or alternative story and narrative the organization could have that would positively support the change. Use a simple intervention like getting people in pairs to share the current narrative/story that impacts on their view of the change, and then move them on to discuss what alternative story and narratives they are willing to explore that will help them to deliver a 'different future'. Combining this intervention with the 'preferred versus probable future' methodology or the solution-focused methodology will enable us to witness quite magical shifts in behaviour among people.

Finally, I must warn that there is something you need to watch for and manage, which is your own discourse and narratives on the client system that you hold as a change agent. Often, you fail to reflect on the words you use, the stories you hold in your head about the clients, your emotional reaction to the way they use power, how you see their level of resistance, whether you respect their values and your hopes about the probability of the change initiatives. If you do not check yourself, your own talk, and possible biases regarding the client system, people and the change, will leak out and you will be visibly incongruent in what you teach and share. The lack of ownership of your talk about clients will leave both you and your clients very vulnerable. This is one of the ultimate tests of your use of self.

Nudge theory and System 1 and System 2 thinking

In 1987 Professor Richard Thaler published an article on 'Psychology of choice and the assumptions of economics' and later on, in 1991, a book, *Quasi Rational Economics*. He is considered the father of behavioural economics, which back at that

time was a relatively new field that combined insights from psychology, judgement and decision making, and economics to generate a more accurate understanding of human behaviour. Because of the immense contribution of his work, in 2017 he was given the Nobel Memorial Prize in Economic Sciences. Thaler has inspired scholars across different disciplines and fundamentally changed the way we think about human behaviour. Daniel Kahneman was one of those who were inspired by Thaler's work and subsequently published his book *Thinking, Fast and Slow* in 2011. It created a storm as it revealed a different way of thinking about decision making and economic behaviour. Investment bankers, governmental policy makers and other decision makers from all realms embraced his work in a significant way. He demonstrated that there are two ways to change behaviour (from economic transactions, health-related habits and paying tax to making major corporate decisions, etc).

The first way to change behaviour is based on influencing how people consciously think. This is often called the 'rational' or 'cognitive' model. Most traditional behavioural interventions follow this model and the assumption is that the individual will analyse various pieces of information from others, eg government, regulators, senior leaders, consumers, market analysts, etc, and then make a decision to change their behaviour or not. This approach is demonstrated by the various incentives offered by the change instigators who, by offering that, assume they are actually helping people to act in their best interest. The track record of this approach has not been impressive at all.

The second way to change behaviour is more about moving away from facts and information alone, to a contrasting model that focuses on the more automatic processes of judgement and influence by altering the context within which people act. In other words, the aim is to shift from rational, persuasive argument alone to influencing the automatic way of acting.

This is often called the 'context' model of behaviour change, which recognizes that sometimes when people seemingly act irrationally and inconsistently in their choices, it is because they are influenced by surrounding factors that have power to trigger automatic levers within individuals and are often not conscious.

This way of 'changing behaviour without changing minds first' comes through the concepts and principles of automatic and context-based drivers of behaviour that emerged from the discipline of 'behavioural economics', which seeks to combine the lessons of psychology with those of economics. Not only are they closely related but they also share similar roots with the neuroscience insights on change reaction.

The first way of changing behaviour is called System 2 and the second is System 1. The work was made even more accessible and popular by one of Kahneman's mentees and colleagues, Professor Paul Dolan of the London School of Economics.

This body of work has shown us that the rational model of changing behaviour is limited because there is a real limit in information giving even though it has been a prominent part of those who are heading up changes. Sharing information is a

FIGURE 9.5 System 1 and System 2 thinking

System 1 thinking	System 2 thinking
Automatic	Deliberate
Effortless	Effortful
Faster to act	Slower to act
Habitual	Intellectual
Reactive	Proactive
Specific purpose	General purpose

SOURCE Adapted from Stanovich and West (2000)

crucial intervention, but what it will not achieve is to help people choose to behave differently. The assumption behind System 2 thinking is that the more information people are given, the more they will rationally choose to behave in the new way. For example, knowing the harm in smoking should lead to a drop in smokers, and the introduction of calorie labelling should create discernible change in the consumption of fatty food. But in both cases, it has not. In fact, most health research and subsequent education programmes aiming to prevent teenage pregnancy, obesity, smoking, etc, have not led to automatic behaviour changes.

Figure 9.5 sums up System 1 and System 2 thinking.

The published work in this area is more accessible and offers more practical ideas in shifting behaviour than the work of the neuroscience group. In the following sections, we will focus on the work of Professor Dolan, who has been helping the UK Cabinet Office think about how to shift citizen behaviour. I would recommend practitioners learn more from his model, which is called MINDSPACE. I will briefly outline the model here and give some practical examples of how it works.

There are nine elements in the MINDSPACE model which, according to Dolan, are those that the researchers consider to be the most robust elements that operate largely, but not exclusively, automatically They illustrate some of the main ways that individuals, communities and policy makers can influence behaviour. The nine areas exerting robust influences on human behaviour and change are underpinned by considerable research from the fields of social psychology and behavioural economics.

The grid of the MINDSPACE model (Figure 9.6) and its explanation are adapted from Dolan's report for the Institute for Government, 'MINDSPACE: Influencing behaviour through public policy', 2 March 2010. For a more complete explanation, please refer to the full report.

I will summarize Dolan's definition of each of the MINDSPACE variables and briefly explain what they mean, giving short examples of the practice implications in how we go about shifting behavioural patterns.

FIGURE 9.6 The MINDSPACE model

Messenger	We are heavily influenced by who communicates information
Incentives	Our responses to incentives are shaped by predictable mental shortcuts, such as strongly avoiding losses
Norms	We are strongly influenced by what others do
Defaults	We 'go with the flow' of pre-set options
Salience	Our attention is drawn to what is novel and seems relevant to us
Priming	Our acts are often influenced by sub-conscious cues
Affect	Our emotional associations can powerfully shape our actions
Commitments	We seek to be consistent with our public promises, and reciprocate acts
Ego	We act in ways that make us feel better about ourselves

SOURCE Dolan (2010)

Messenger: we are heavily influenced by who communicates information:

- our response to a message depends greatly on the reactions we have to the source of that information;
- we are affected by the perceived authority of the messenger (whether formal or informal);
- we are more likely to act on information if experts deliver it, but also if the messenger has demographic and behavioural similarities to ourselves;
- we are also affected by the feelings we have towards the messenger.

Practical implications:

- We will need to think about whom we should ask to lead and speak about the change at every level of the organization, as change champions at the top may not have much positive influence on the people on the shop floor.
- Identify those leaders from all levels who are respected and 'loved' by the people, and work with them from the beginning of the change. If the change makes sense to them, they will then be the right messengers to speak to people about the 'why' of this change.
- Use the same group to lead on the behavioural change by role-modelling it.

Incentives: our responses to incentives are shaped by predictable mental shortcuts such as a marked aversion to losses. The impact of incentives clearly depends on factors such as the magnitude and timing of the incentive:

- we dislike losses more than we like gains;
- we value positive feelings others have for us;

- we tend to avoid public shame;
- we tend to keep what's working for us;
- if someone shows us a new way of working that will produce even greater payoff, we tend to repeat that new behaviour;
- we overestimate the probability of rarer events;
- we usually prefer smaller, more immediate payoffs to larger, more distant ones.

Practical implications:

- Involve people to experiment with the change and aim to ensure the experiment will yield the early encouragement that people need – if they see the change is going to bring payoff, they will tend to shift their behaviour to support the change.
- Since people dislike losses more than they like gains, creating an appropriate amount of 'psychological anxiety' while giving some safety measure will help people to shift to a different way of behaving, especially if they do not want to experience public shame – shame for themselves, their units, the organization.
- Give real-time rewards (praise, affirmation, the chance to do a bigger project, a bit of financial reward, etc) as often as possible when someone demonstrates new behavioural patterns. This will help to reinforce the practice of new behaviour.

Norms: we tend to do what those around us are already doing:

- social and cultural norms are the behavioural expectations, or rules, within a society or group;
- norms can be explicitly stated ('No Smoking' signs in public places) or implicit in observed behaviour (women speak less in meetings);
- people often take their understanding of social norms from the behaviour of others, which means that they can develop and spread rapidly through social networks or environmental clues about what others have done (eg litter on the ground);
- some social norms have a powerful automatic effect on behaviour (eg being quiet in a library);
- behavioural interventions using social norms have been successful in a number of areas, and most are based on telling people what other people do in a similar situation.

Practical implications:

- Intentionally use group dynamics to reset new norms. Use one of the more prominent business units, or a high-performing team, to test-run the change and ask them to identify the type of 'fit' patterns that the group needs to grow and nurture in order to keep them high performing. When they begin to get some traction, spread their story around to stimulate more behavioural change.

- Showcase other groups that have tried and done well by using different patterns and approaches to achieve impressive results.
- Use key OD methods to support voluntary changes in behaviour.

Defaults: we go with the flow of pre-set options:

- many decisions we take every day have a default option, whether we recognize it or not;
- defaults are the options that are pre-selected if an individual does not make an active choice;
- defaults exert influence because individuals have an inbuilt bias to accept the default setting, even if it has significant consequences;
- restructuring the default option can influence behaviour without restricting individual choice.

Practical implications:

- Encourage piloting, sustained and varied experimentation, aimed at resetting the existing default behaviour. Once decisions made during this period are shown to be successful, the default behaviour will soon start to change.
- Use systemic alignment as a needed process to realign default behavioural patterns, using HR policies and processes to support the changing of 'default' behaviour by using snappy mottos such as 'we in this company always put customers first by being polite, firm and courteous'.

Salience: our attention is drawn to what is novel and seems relevant to us:

- Our behaviour is greatly influenced by what our attention is drawn to. In our everyday lives, we are bombarded with stimuli. As a result, we tend to unconsciously filter out much information as a coping strategy. People are more likely to register stimuli that are novel, accessible and simple.
- Simplicity is important here because our attention is much more likely to be drawn to things that we can understand – those things that we can easily encode.

Practical implications:

- Use innovative and novel processes as part of the change methodology (one organization adapted an old warehouse into an innovation centre and bussed leaders into the building to experience how innovation can be done using a mixture of technology – visual experiences – joined-up behaviour – high levels of collaboration – delivering real results that the senior people will come to hear (like *Dragon's Den*).
- Work on the 'WOW' factor of leadership behaviour, eg showing up in a call centre to take calls for two hours and then personally asking the operators to teach him or her (and their team) how to provide superlative customer services.

Priming: our acts are often influenced by subconscious cues:

- Priming is about how people's behaviour is altered if they are exposed to certain sights, words or sensations. In other words, people behave differently if they have been 'primed' by certain cues beforehand.

- Priming seems to act outside of conscious awareness, which means it is different from simply remembering things.

- The discovery of priming has led to considerable controversy – the ability to manipulate us into buying or doing things that we didn't really want.

- Subsequent work has shown that primes do not have to be literally subliminal to work.

- The effect of priming is real and robust; what is less understood is which of the thousands of primes we encounter each day have a significant effect on the way we act.

Practical implications:

- Ask marketing and sales staff and an external specialist on priming to run training for the change team so that those who lead on change will become savvier about how to prime people's behavioural changes.

- Use music, true inspirational stories from previous employees and imagery to prime a great emotional involvement with those whom the change requires to shift their behavioural patterns.

Affect: emotional associations can powerfully shape our actions:

- affect (the act of experiencing emotion) is a powerful force in decision making;

- emotional responses to words, images and events can be rapid and automatic, so people can experience a behavioural reaction before they realize what they are reacting to;

- moods and emotional reactions can precede and override more 'rational' or cognitive decision making, resulting in decisions that are irrational;

- for example, people in good moods make unrealistically optimistic judgements; those in bad moods make unrealistically pessimistic ones.

Practical implications:

- Whenever you can, use a strength-based methodology, eg Appreciative Inquiry, to evoke the positive emotion and sense of pride that comes from people's real experience.

- Always build hope in an organization during change – affirming what they did in the past, and what confidence they have in shifting their patterns for the greater

good of the organization. Involve them to build new behavioural patterns and gain confidence they can sustain them.

- Ensure the change team members are energetic people who have a sense of humour. When the change team has high energy, they can build the affective environment for people to undertake behavioural change with a sense of lightness.

Commitments: seek to be consistent with your public promises and reciprocate acts:

- we tend to procrastinate and delay taking decisions, especially on long-term issues;
- many people are aware of their willpower weaknesses and use commitment devices to help them make decisions;
- research has shown that commitments usually become more effective as the costs of failure increase: for example, making commitments public, so breaking the commitment leads to reputational damage;
- the act of writing a commitment down can increase the likelihood of it being fulfilled;
- we have a strong instinct for reciprocity, which means that, for example, accepting a favour acts as a powerful commitment to return the favour at some point.

Practical implications:

- Ask leaders to make a public commitment to the behavioural change they are willing to make and lead. Also ask leaders from all levels to make small promises regarding what they will do differently once a week, so that they will carry out the role-modelling of new behaviour.
- At the end of any event, ask people to stand up and share with the group one baby step they would undertake to make things different, but surprise them by noting what they say, and after 2–3 weeks, ask them whether they have done that.

Ego: we act in ways that make us feel better about ourselves:

- We tend to behave in a way that supports the impression of a positive and consistent self-image.
- When things go well in our lives, we attribute it to ourselves; when they go badly, it's the fault of other people, or the situation we were put in – an effect known as the 'fundamental attribution error'.
- We think the same way as groups that we identify with, to the extent that it changes how we see the world.
- We also like to think of ourselves as self-consistent.
- So what happens when our behaviour and our self-beliefs are in conflict? Often it is our beliefs that get adjusted, rather than our behaviour. It has been shown that

once people make initial small changes to their behaviour, the powerful desire to act consistently emerges.

- The initial action changes our self-image and gives us reasons for agreeing to subsequent requests.

- This challenges the common belief that we should first seek to change attitudes in order to change behaviour.

Practical implications:

- Use as much common sense as possible to work with, not against, human nature and human needs – the need to be loved, affirmed, recognized, to have a sense of significance and ability to contribute, a chance to live larger than oneself. If we do that we will appeal to the need for ego (without any negative connotations attached to that word) and be able to support people to move forward in self-initiated behavioural change.

- Ask someone to support the change team to think about how to shift the behaviour of their team and when they have a great idea, ask them to lead the movement and publicly recognize their contribution.

Dolan's MINDSPACE work has continued to evolve, and has informed the Behavioural Insights Team, also known as the Nudge Unit, in helping government to change citizens' behaviour – from reducing teenage pregnancy in the North West of the UK, to increasing the promptness of tax returns and payment, and explaining how decisions get made in day-to-day life. The merit of his work is well documented, and internal change teams should get together to integrate these concepts with their change work.

Since Dolan's MINDSPACE work, the BIAS (Behavioural Interventions to Advance Self-Sufficiency) project in the United States undertook 15 randomized controlled experiments in child care, child support and work support programmes and came up with the SIMPLER framework. There are seven concepts that resulted in the SIMPLER framework, and they are:

1 **Social influence:** The persuasive power of society, peers or an individual of influence on a person's decisions and actions.

2 **Implementation prompt:** Encourage people to plan actions needed to complete a task.

3 **Mandated deadlines:** Setting a fixed deadline reduces the likelihood of procrastination and frames action to emphasize its urgency.

4 **Personalization:** How to personalize information or provide personal help with a difficult task.

5 **Loss aversion:** Frame incentive or communication to capitalize on preference for avoiding a loss rather than making a gain.

6 **Ease:** Try to make behaviour automatic through defaults or simplification.

7 **Reminder:** Minimize the mental effort needed to undertake an action by giving prompts and feedback to encourage completion.

The work of BIAS and MINDSPACE not only relies on System 1 in changing behaviour, but also encourages attempts to help people to create new habits as a reasonable attempt at behavioural change. The key thing you have to remember is that habit formation is crucial to behavioural change because most behaviour is automatic, as our brains rely largely on our fast, intuitive System 1 to conserve limited cognitive energy.

Leveraging group dynamics to shift behaviour

We have mentioned the importance of group dynamics in Chapter 8. This third way that helps to support behavioural change can be an uncomfortable area for many applied behavioural scientists. We know the power of groups, of which history has brutally reminded us. Group dynamics can breed virtue but also, alas, evil. Reverend Jones ordered hundreds of members of his cult to commit group suicide by asking them to make their children drink cyanide before they did; the fact that gangs can spread within a local area and assume dominance over so much youth behaviour shows the power of group pressure to breed antisocial and uncivil behaviour. In contrast, many decided to march with Gandhi and support Nelson Mandela, not only because of their religious beliefs or commitment to the course of civil rights but because the group they belonged to had powerful norms that inspired certain group behaviour. The group not only has an immense amount of power but exercises it to yield conformity by defining what is acceptable and unacceptable behaviour, what behaviour is necessary for continued membership and what behaviour will lead to exclusion.

For good or evil, the reality is that once a group is formed, the leadership's norms, group decisions and group behaviour can exert huge pressure on members. Hence, many of us are uncomfortable to mention using group dynamics to change behaviour.

From the Hawthorne study through to the many writers (Bernstein, 1968; Dent and Goldberg, 1999) who study group dynamics, the belief is that the group is the main focus when it comes to changing behaviour. Lewin (1947b) maintained that it is fruitless to concentrate on changing the behaviour of individuals because the individual in isolation is constrained by group pressures to conform. Consequently, many OD practitioners – including myself – believe that the focus of change in behaviour must be at the group level and intervention should be planned around factors like creating new group norms, group roles, changing the quality of interactions between

FIGURE 9.7   How group patterns are formed
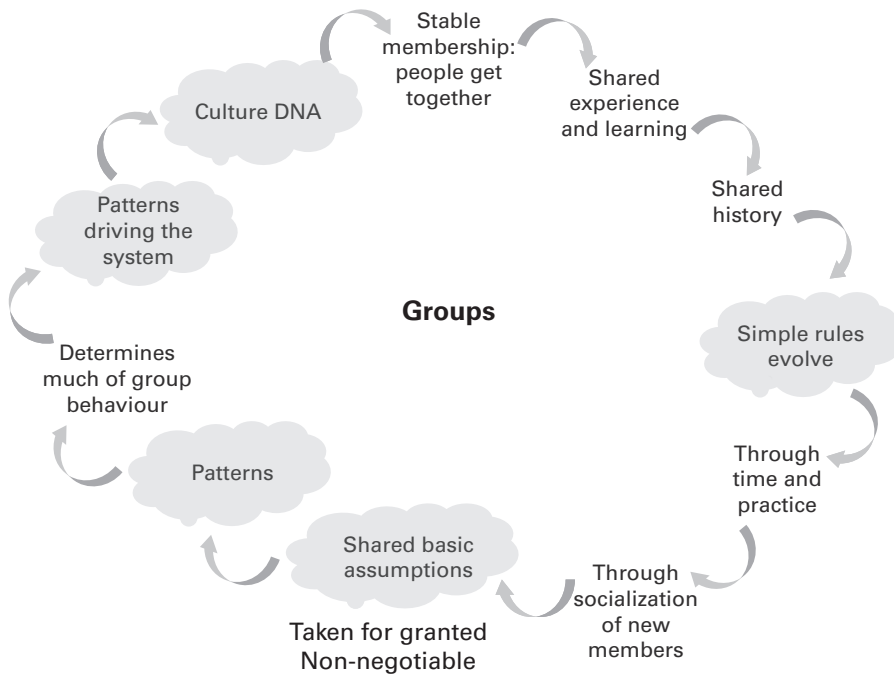
group members, reshaping the socialization processes to create 'disequilibrium and change' (Schein, 1988a,b).

So how does this work in shifting behaviour?

Practitioners need to consider how groups come together to form patterns. Through understanding that process, we can then change some of the processes to create shifts in the patterns of groups and individuals. In simplistic form, when people get together on any occasion, eg at work, at a club, at a community issue-based group, they start sharing their basic assumptions about how they think the world is, the work is, whether there are certain ways to undertake the task they are interested in, etc. Through stable membership and the settling of power differentials between people, the group begins to establish norms through which they recruit and socialize new members. Through years of continuous sharing of experiences, successes and learning, the group begins to be bound by shared history and – depending on how stable and successful the group is – strong patterns will be formed. Figure 9.7 shows this process in more detail.

Once the group is formed, group and individuals will experience quite a strong container for their behaviour. Within that container, some behaviours will be branded as great, helpful, supportive and acceptable, while others will be branded as 'out of line' and unacceptable, for example, 'people who are in the know do not behave like this'. This delineation will become clear through the narrative people hold in their heads, while passing it on to newcomers.

Because a group or system does not live in an environmental vacuum, sooner or later the container will be challenged. Its rigidity will render it closed to any system feedback and sooner rather than later the patterns will become a 'derailer' to interaction with the world outside. This is when the group needs to revisit and update its patterns. However, this process will be painful as it is within an affiliated group that we receive most of our social and psychological needs. So, one of the tasks of any change catalyst would be to support the group to do its own pattern updating.

By using Figure 9.7 we can purposely do a number of the following to enable a group to do self-facilitated change to its own behavioural patterns:

- Invite members from other systems to share ideas and give feedback on how the group is doing in reference to execution of its mandate.

- Invite people to highlight the group's patterns that are helpful and vice versa.

- Ask members to share part of the history that failed to get into the storybook of the system heritage.

- Invite feedback from new members after an initial period of working with the system.

- Ask for volunteers from within the system to discover the powerful 'hidden' or 'unwritten rules' that shape current behaviour patterns and then return to the system to run a workshop and discuss the what, the so what, the now what of these patterns.

- Run a workshop to ask people to identify the external shifting conditions and how they impact on the group. Afterwards, discuss the case for change and whether the change makes sense to the group before asking it to identify the current patterns that are driving the system behaviour, which behavioural patterns should remain as the cultural DNA and which need to be shifted – and how they can support each other.

May I encourage you to be creative in designing processes to strengthen the group norms that influence those individual and group behaviours that support the change goal.

CDE – the HSD methodology that helps inter-groups to shift their behaviour

Human System Dynamics is a set of methodologies and an institution set up by Glenda Eoyang, which offers a collection of concepts and tools that help make sense of the patterns that emerge from chaos when people work and play together in groups, families, organizations and communities. HSD uses metaphors from the physical, mathematical and computer sciences to help practitioners understand what is happening in the everyday dynamical interactions in organizations and groups. The concepts are grounded in science, but they continue to emerge as we explore the complex behaviours of human systems.

As mentioned in Chapter 7, in their significant 2001 book, *Facilitating Organization Change: Lessons from complexity science*, Olson and Eoyang demonstrated how to take lessons from complexity science to facilitate organization change. For Glenda, all behavioural change points towards the ability to act in a self-organized way. 'Self-organizing is the fundamental thing we need to understand and to learn to work with' (Olson and Eoyang, 2001). According to them, complexity science reveals a world that is both patterned and surprising, both ordered and random.

Eoyang's definition of patterns is 'similarities and differences and connections with meaning in space and time'. The complexity writers believe that once the pattern is formed it will constrain us – hence the job of any change agent is to be trained to **see**, **understand**, and **influence** patterns.

She believes that the key work of OD is to help the system to reveal itself to itself. Hence, at any single point in time, system members should be encouraged to stay curious about how they hold their similarities and differences within their context and the current quality of their connection. She encourages system members to be curious and ask: in this time and space, which differences will really make a difference if we resolve them and hence not drain our energy? Which of our similarities are strong enough that we can leverage them to hold us together? How do we connect with each other in ways that will facilitate our work and vice versa? In other words, what is the quality of exchange we have with each other within the system?

Figure 9.8 shows in graphic form the definition of patterns, which also defines the CDE method by Glenda Eoyang (1997). The C stands for 'similarities/container' – too much, too little, too tight, too loose? The D stands for 'differences and tensions' – too much unresolved difference, or too little? The E stands for 'quality of exchange' – what is the current way the system members interact with each other?

FIGURE 9.8 CDE concepts
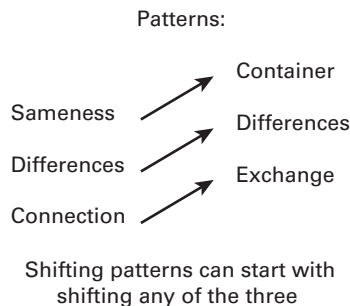
SOURCE Adapted from HSD Institute (2013)

When groups of individuals or different work units are not functioning well, we can use this simple and accessible method to help shift individual and group behaviour. The process I will be describing is a very much 'dumbed down' version of the full CDE process, so please refer to the publications and website of the HSD Institute for more details.

CASE EXAMPLE

In a technological service organization, those working on the client site and those running the centre did not get on. The current communication was very tense and there was extensive blaming from both sides. People knew they needed to collaborate, but their behaviour demonstrated otherwise. So I carried out the CDE process steps to help the two groups to self-diagnose and learn to behave differently to increase the quality of exchange they have with each other in order to service their clients as **one** unit.

Step 1

We arranged to run an event that representatives from both groups attended. The event was part of their annual gathering and our session was preceded by a strategic priorities planning session. We were given three hours in the middle of the day.

Step 2

As we had about 100 people attending from both sides, we set up eight stations with roughly the same number of representatives from each side (corporate centre staff and off-site staff) in each station.

At each station, there was an in-house facilitator whom I had equipped and briefed about the CDE methods, and a big sheet of butcher's paper (the size of four flip charts put together) with the top half divided into two side-by-side areas.

Step 3

For the next 120 minutes, the group worked through a few simple rules designed to help them obtain the best dialogue from the session and came up with statements like: talk straight, stay factual, listen empathetically, inquire rather than advocate, before they were asked to work through three questions. The initial instruction was given up front by me, and then the eight local facilitators took over. The three questions we took the group through were:

1 What are the similarities between the two groups?

2 What are the differences between the two groups?

3 Describe the current characteristics of how we interact and connect with each other.

For these first three questions, the facilitator encouraged people from each side to use the simple rules that they had agreed to ensure the exchange was honest.

Step 4

The group then progressed into the next four questions – one at a time, again being drilled from the front by me (to ensure consistency of understanding):

1   What similarities can we leverage to give us a stronger container to work with?

2   Out of all the differences we listed, which ones will make a real difference in the way the two groups work – if we are willing to sit down and resolve them? What are the most important differences that will make a real difference in the way we work, if we work at it?

3   What is the current quality of exchange we have with each other?

4   What action steps can we take to improve the way we connect with each other and raise the quality of our exchange?

The process encouraged a real dialogue between the two parties working through tough issues, especially focusing on the behaviour that led to a very dispirited level of exchange day by day.

Step 5

Before joining the whole system back together, the facilitators asked the two groups to look at and discuss the four questions that come from Adaptive Action. The facilitators referred to some of the sub-questions in Figure 9.9 to encourage even more honest dialogue:

1   WHAT have they just done?

2   SO WHAT – the implications of the patterns they uncovered, and how FIT is the current pattern to support their common goals and mandate?

3   NOW WHAT?

4   What SIMPLE RULES will get them there?

Step 6

The last 60 minutes were spent bringing the whole system back together with each station being asked to share the outcome from their discussions, their 'NOW WHAT?' action points and the simple rules they had set up to support their new CDE.

After every station had shared, we asked them to return to their station to indicate what doable actions they personally were willing to start implementing, and what requests they wanted to make to leaders and management for support.

Outcome

What had been accomplished in this three-hour session was a rapid cycle of diagnosis establishing the 'WHAT?', a discussion of 'SO WHAT?' for both themselves and the clients, then an ending of 'NOW WHAT?' and a set of simple rules that would support them to build new behavioural patterns.

FIGURE 9.9   The adaptive action questions

Adaptive action questions

- **What?**
  - What are the current patterns?
  - Are they facilitating or constraining our goals?
  - What bits of the history stand in the way? What aspects do we need to update and move on?
  - And...?
- **So what?**
  - What are the implications of the patterns you see?
  - So what is the state of fitness our patterns have in reference to our goals and our mandate?
  - Are there options for action?
  - And...?
- **Now what?**
  - What do we need to make happen now to shift to alternative patterns? What are our practical first steps?
  - Who should we get involved to do something?
  - And...?
- **What simple rules will help us to get there?**

SOURCE   Adapted from Human System Dynamics (2013)

The process that day was the beginning of: a) helping the two sub-systems to reveal their behavioural data to themselves and each other; b) instead of going deeply into why they were behaving in that way, they looked at what alternative behaviour they could contemplate along those three key dimensions that form patterns; c) in doing this, they began to disrupt their own pattern that had not served their client or themselves well, and realized what they had contributed to turning the workplace into a very unhappy one for themselves and others.

Some simple behavioural supportive follow-up work was carried out after the event, and other reinforcers adjusted, eg how they ran communication, task allocation, who commissioned work, how the delivery timelines were negotiated, etc. Nine months after the CDE event, behaviour between the two groups had continued to shift in the direction the group themselves desired. Behaviour change in this case was made possible because of HSD's CDE methodology.

This process description is a very simplified version of CDE; it can be used much more extensively than what has been described. I highly recommend that you explore the HSD website and get onto their online programme.

FINAL NOTE ON CDE

In this theory of change, agents interact in real time (the anthropological view of culture – the 'in-between-ness' of agents). As they interact, patterns emerge from the system as a whole (interaction produces patterns; some work and some do not in

terms of helping to achieve what the system needs). Eventually those patterns that agents within the system agree on will stay.

These system agents begin to interact with counterparts from other systems, and suddenly their interaction helps them to experience the similarities and differences they have with each other. If they have a strong container, a set of joint goals, they will want to work on identifying their similarities so that they can leverage them to create a strong bond (container) as well as wanting to resolve some of their differences – a possible source of conflict. As there are far too many differences, they can only choose to work on those that are significant and by resolving them, they can work more effectively to deliver the joint goals.

What will play a significant role in this process of creating new patterns is the quality of their interaction; whether the quality is affirmative and collaborative or adversarial and competitive. If the quality of that 'in-between-ness' is good, new patterns will emerge and the part will begin to move towards acting in the context of the **whole**. By interacting within the complex adaptive system, the agents have played a role in creating an emergent pattern through self-organization.

Summary – the practice implications for practitioners

Behavioural change is a complex matter. Ethologists, cognitive psychologists, psychologists, psychoanalysts, anthropologists, social psychologists, sociologists, behavioural economists, etc, have all invested time and resources in the past decades to try to help us understand human behaviour – ours and others'. The debate about the internal versus external determinants of behaviour that has surrounded us for many decades shines further light on our understanding. Hence theories like the needs theory, the expectancy and operant conditions, the equity theory, the goals theory, the role basic human needs play in shaping our behaviour, etc, are offering applied behavioural scientists a lot of food for thought.

What I have covered in this chapter is only a drop in the ocean in terms of how we can improve our ability to work with behaviour during change. I am, however, eager to whet your appetite to learn more about human behaviour. By stating this at the end of this chapter, I want to share the following practice points for practitioners:

- For incoming OD/HR practitioners, do try to study some more about human behaviour, as any knowledge in this area will serve you well in your practice.
- For leadership development colleagues, try to build the need to better understand human behaviour into your organization leadership development programmes. It is never too late to learn about the nature of who we are and how we work.

- For practitioners, do make sure you never get jaded or cynical about human behaviour. Instead of being judgemental, stay curious and inquiring as just when you want to say 'I have seen it all', I can guarantee that you have **not** seen it all when it comes to human behaviour. Also, continue to pursue your own understanding of your own behaviour, as we cannot take people to places we have not gone to.

What is so special about being in the field of Organization Development is that, despite our own human fragility, we are asked to work with human behaviour every day, hoping that we are well informed by applied behavioural science research to give us competence to set up processes and conditions that can support others to shift their behavioural patterns. We should never take this task lightly because we are in the same position as those whom we are supposed to influence – daily struggling with shifting our own behaviour. Let us do this work with greater humility, greater commitment to increase our own competence in the field and with greater compassion in all that we do.

I also want to end this chapter with a 'prototype' of culture (patterns) that a group of complexity and chaos colleagues have put together that they think may **fit** for organizations to operate in a turbulent world. The premise is that if these cultural features exist, the organization will be more likely to have an 'ever-changing' capability. The grid's contents are not sourced from academic publications but from dialogues among colleagues. Since there is no good or bad culture, only 'fit' or 'misfit' in light of the strategic ambitions operating in the context, let's play with this grid and see whether we can observe some of these features among organizations that want to move into an 'ever-changing' world.

Try to reflect and integrate your experiences and insights – and see whether this grid makes sense to you. This is what I mean when I say that the season has come for more of us to reflect and integrate, so that our working theories can emerge.

People at all levels are savvy about the external environment and willing to share knowledge with whoever needs the information to act and make more robust decisions.	Someone is taking responsibility to monitor how the inner organization workings match outer environmental demands, and to track whether the speed of inner change matches the speed of outer changes.	All leaders are trained system thinkers – and decisions are taken with a whole-system perspective.	Leaders, staff and partners take building effective relationships as their top priority work. They know it is through relationships that things get done in a speedy way. They refuse to let structural constraints become an impediment.

People tend to be more proactive rather than reactive – they think ahead and they are ready for different scenarios to happen. They thrive on living at the edge of chaos.	Leaders and staff are more collegial than hierarchical. Whoever can do their best is being helped to achieve that. Rank and wisdom have no correlation. All system members operate from a dialogical and inquiry mode.	There is an intentional effort on the part of leaders to encourage an ever-increasing capacity for people, units to self-organize in ways that will enable everyone in the organization to function at the optimal level.	People welcome diversity as it gives the organization an edge. People have sufficient skills to surface diversity, tensions and differences for the sake of reaping a more innovative way to work.
People in the organization do not have any difficulties living with ambiguity, polarities and dilemmas. They are comfortable working through things in a complex manner without prematurely closing down the debate/thinking.	The organization recruits, trains and develops people to grow an agile mental model and agile adaptive behaviour – so things can be shifted with no time lag. Such behaviour is being rewarded.	People are supported to engage in transformational learning – through achievement, failures and missed opportunities, etc. Every situation offers an occasion for individuals and the organization to learn how to be better in the long run.	Transformational learning requires leaders and staff to minimize ego and be willing to share mistakes, vulnerabilities, lessons learnt, resources, knowledge, information – and thinking of the collective good.

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Section 4

The Organization Development practitioner

- Chapter 10: The Organization Development practitioner
- Chapter 11: Power and politics in Organization Development

As a supervisor to many OD practitioners, I have been keenly aware of the differences between those practitioners who have done deep internal work and those who have not. There are three ways this difference is apparent:

1 The level of awareness of who they are and how they present themselves. This can be seen in their ability to track their own internal reactions as well as the impact they have on others. It can also be seen in the way they manage themselves in messy and unexpected situations, eg when their designs do not work, or when they are being criticized in public, or when an intervention in which they are heavily invested does not have the intended outcome.

2 The way they are in touch with and work with their own anxiety and worries as they go about doing tough work. If OD practitioners are unaware of how their anxieties operate, then they can often be driven to take actions to make themselves look good, feel better, or as a way to cope with and diminish those anxieties instead of taking robust action for the greater good of the clients.

3 The way they handle the issues of power and politics both within the clients' system as well as between the clients and themselves. The OD way of playing power is to take the high road of power (Greiner and Schein,1988b), based on OD values and principles, which uses power positively. They are able to demonstrate and deploy open and above-board power strategies, eg using collaboration in decision making, upholding the concerns and interests of those with less power, and supporting the power elite to voluntarily confront and transform its behaviour towards those who work under it.

These three areas of difference require ODPs to go *within* themselves before going *without*. By knowing how our values and identity play out in the work context, we can manage the impact of our behaviour on others in one-to-one exchange, in groups and in our relationships with clients, partners and stakeholders.

This ability to use one's self illustrates vividly Joseph Campbell's (2008) description of two types of dragons: the 'relational dragon' and the 'power dragon'.

The relational dragon is especially important in OD because to earn the right to help, ODPs have to take relationship-building work seriously and authentically, beyond just wanting to be acceptable, attractive and appealing to others – not that there is anything wrong with seeking acceptance by the individuals and groups we work with. But the essence of that relational energy is a sense of being part of something bigger than oneself, which translates into a concern to create the necessary impact and legacy, to leave something of oneself behind to effect change. Healthy relational energy is exhibited in partnership, collaboration and community. In Campbell's words, in order to become friends with the relational dragon, one needs to 'slaughter' two types of fear: fear of rejection and fear of abandonment, as such fears will distort and diminish the relational dragon.

For our work to have impact, we also need to develop a strong partnership with the power dragon, whose energy comes from the need for a sense of efficacy and agency. Power energy is about having the will to ensure confidence and resources are there to get things done. When this energy is functioning properly, the ODP will feel heroically competent, impactful, skilful and resourceful in supporting the clients to be heroic themselves.

When an ODP has the relational and power dragons living in harmony, s/he will experience resourcefulness, competence, authenticity, community and confidence to do what s/he sets out to do.

This is what this final section is about – how we get to a place where we know who we are, and from that place, build exceptional relationships and partnerships with clients in order to maximize our influence and power to help the system work as it should. By operating at that level of potency, our work with any organization will have that magical touch to it. The 'heroic journeys' of an OD practitioner are often collective – involving many others working to heal the system – yet also give personal joy, fulfilment and satisfaction from having done something worthwhile in the service of others.

As you read these two chapters, reflect on your own journey and what you have done well and what further work you can do to sharpen that instrumentality of self.

10

The Organization Development practitioner

It was stated in Chapter 1 that one of the unique characteristics of the field of OD is the role and practice of OD practitioners in improving organizations. In this chapter I would like to explore more fully this unique characteristic by covering:

1 the roles and tasks of OD practitioners;

2 the concept of 'use of self' or 'self as instrument' and its role in the theory and practice of OD;

3 the competence profile of the OD practitioner;

4 the development journey OD practitioners should engage in.

The roles and tasks of OD practitioners

OD practitioners play a range of roles. Some ODPs act as a sounding board, partner, guide or coach; others are designers and methodology leaders; still others are facilitators, process custodians, group process specialists, group dynamic monitors, trainers, change leaders, etc. Some OD practitioners work as internal change agents, others as external consultants. They may specialize in different levels of system work, eg some may focus on intrapersonal work, some focus at the group level, some work at the inter-group level and others at the organization, inter-organizational or community levels. Some have a mixed-level portfolio. This range of specialisms has implications in answering 'what does a competent OD Practitioner look like?'

Figure 10.1 illustrates the diverse approach authors in the field have taken to describe the roles of OD practitioners.

Some authors define OD practitioners by their roles, others define them by the processes in which OD practitioners engage and still others define them by the types

FIGURE 10.1 Roles of OD consultants

Authors	Roles of OD consultants
Burke, 1982	One who provides help, counsel, advice and support.
Schroeder, 1974	One who serves as a sounding board, an adviser, a confidant for the consultant who is working directly with the client (shadow consultant with other consultants as clients).
Lippitt & Lippitt, 1978	OD consultants can hold any of the eight roles along a continuum with directive and non-directive at either end of the continuum. The eight roles are advocate, technical specialist, trainer or educator, collaborator in problem solving, alternative identifier, fact finder, process specialist, reflector. These roles are not mutually exclusive. The OD consultant may play different roles simultaneously depending on the tasks/assignments.
Schein, 1988a,b	Key role defined as process consultation, ie a set of activities that help the client to perceive, understand and act upon process events in the client's environment in order to improve the situation as identified by the client.
Tichy, 1974	Outlines four change agent key roles: • OP (outside pressure) – advocating certain changes, planning strategies for advocacy; • AFT (analysis for the top) – conducting a study for a client organization and providing a report for top management; • PCT (people change technology) – providing a service for individuals within the organization; • OD (organization development) – serving as external consultant to develop systems.
Beer, 1980	Lists two key roles that he considers important: 1. Generalist and specialist – 'the OD consultant is generalist in his organizational administrative perspective and a specialist in the process of organizational diagnosis and intervention'. 2. Integrator – OD consultant's job is to make linkage between client and needed resources, between various sub-systems, between top management and staff.
Ferguson, 1968	Lists 18 roles of OD consultants ranging from capturing data to promoting a proper psychological climate to assisting in the management of conflict, serving as plumber or obstetrician in-between, etc.
Nevis, 1987	Outlines five basic roles/activities of a Gestalt-oriented consultant: 1. Attend to the client system, observe, and selectively share observations of what you see, hear, etc. 2. Attend to your own experience (feelings, sensations, thoughts) and selectively share these, establishing your presence in doing so. 3. Focus on energy in the client system and the emergence of or lack of issues (common figures) for which there is energy: to act to support mobilization of energy (joining) so that something happens. 4. Facilitate clear, meaningful, heightened contacts between members of the client system (including contact with you). 5. Help the group achieve heightened awareness of its process in completing units of work, and to learn how to complete units of work so as to achieve closure around problem areas and unfinished business.

SOURCE Cheung-Judge (2001)

of activities in which they engage. However, in spite of the differences, most OD practitioners are:

- applied behavioural scientists;
- supporting the system they work for to improve both its performance externally, as well as its internal health;
- primarily using process skills rather than expertise skills to support the clients in doing the work themselves (aiming to improve or sustain the system's ability to 'self-renew').
- using themselves (who they are and how they present themselves) to effect change and development, and focusing on the quality of relationships they have with their clients.

To flesh out these principles, here are some trademarks of good OD practice:

- Aiming to achieve the two-pronged goal of OD (building organization performance and internal health).
- Focusing on human enterprise (as well as the social aspects of the organization).
- Having a distinct collaborative and developmental approach (always leaving the client stronger than before you went in, and engaging self and others in lifelong learning from each situation).
- Giving premium attention to relationship building (valuing the interdependence between people and parts, and committed to building constructive and developmental relationships in the process of the work).
- Focusing on processes just as much as tasks (while you are ruthless in aiming for results, you will use positive, transparent and affirming processes to undertake the task).
- Playing a process-facilitative-educator role rather than the expert-advice-giver role (believing that wisdom exists at every level of the system, and through just enough education, you can ensure the process is right to facilitate the system to do its own work).
- Committed to the use of 'Big I' intervention – self as instrument (while you use tools and methods, you know yourselves are the key to affecting the system both through your process expertise and by your presence).
- Always approaching work from the total system approach (ODPs are committed system thinkers and whatever process design work you use, it will be informed by a systemic view).

Summarizing this section, the following statement has been put together to describe who is an OD practitioner:

> OD practitioners are behavioural scientists who, through effective relationship-building skills, deliver help and support to a client system with the dual goal of improving the

performance as well as the internal health of the system. While they can be experts in specific areas of organization as well as being technically competent, they are primarily process-oriented practitioners with an aim to pass on the process skills to the client system, so that the client can pursue continuous development independently. The practice design skills of OD practitioners are heavily influenced by their value set and their theory orientation.

The concept of self and the 'use of self as instrument', and its role in the theory and practice of OD

In this section, I will review what 'self' means and discuss the critical concept of 'self as instrument', also called the 'use of self'.

Self

There have been philosophical discussions on the self since ancient times and my intention is to give a very basic description of 'self', mainly to prepare us for the exposition of the 'use of self' in OD consulting.

Self is defined as the emotional, perceptual and cognitive processes that make up a person (McCormick and White, 2000: 2). Within this self, there is a known and unknown (persona and shadow) aspect (Jung, 1921). The known is the public self that Jung called persona, which Goffman (1959) speaks of as a presentation of self in everyday society. The persona makes life manageable and pleasant; it is the compromise between self and society. The shadow is the private self – often associated as that inferior self that may be felt to be shameful, rightly or perhaps more often wrongly, yet in reality does not need to be so.

Background to the 'use of self'

From the historical perspective, there has long been a debate about the 'use of self'. Those from the positivist perspective assert the importance of maintaining the most detached and objective stance when working with others, eg patients and service users. Those who subscribe to this belief think that if not sufficiently controlled, the personal experience of the therapist/helper will negatively influence the work of the client. Freud belonged to this school and it was said that he would sit behind his clients in therapy sessions in an attempt to remain detached from them.

The non-positivist perspective offers an alternative paradigm. It underscores the value of subjective information and believes that the social world is relative and thereby best understood from the vantage point of the individuals involved in a given activity. The ultimate success of any intervention rests with the practitioner and what s/he brings to the process. It is in this context that self is the most important tool of the practitioner.

One has to bear in mind the backdrop against which OD entered into Western society after WWII and the Holocaust. Riding the waves of the human relations movement and sensitivity training in the 1960s, OD prided itself as a value-driven profession with a unique set of assumptions about people and work. One of those assumptions is that the practitioner is very important to any change process and therefore it is legitimate that s/he *taps into* and *acts upon* personal data and observation in an effort to influence the client, whether the client is an individual, a group or an organization. Use of self, as believed by OD founders, creates a more powerful and compelling engagement between the helpers and those who are being helped.

This idea is legitimized through the pioneering work of Fritz Perls (1969) who believed that it is important to bring both those who help and those who receive help onto the centre stage together 'to illuminate their actual relationship as clearly as possible' (Perls, 1969).

The following list of quotes shows how founders see the primacy of the concept of 'self as instrument':

- 'The primary instrument in OD work is the consultant practitioner' (Burke, 1982: 358).
- 'The bias of this book is that the OD consultant should be a finely tuned instrument' (Burke, 1982: 350–51).
- 'The use of self as a concept is central to the current practice of OD' (L Porter, in a paper presented at the 1997 Academy of Management Annual Meeting).
- 'Perhaps the most powerful instrument we have in helping our clients navigate change is ourselves' (Curran, Seashore and Welp, in their presentation to the 1995 ODN National Conference in Seattle, Washington).
- 'The principal instrument that we have to use in this field is ourselves. We do have the toolkit, but the effective use of that toolkit depends upon us... very much depends upon us and who we are' (Tannenbaum, 1968).

What does 'use of self' mean?

To drill down further into what these conceptual statements mean in practice, a comprehensive literature search on use of self was carried out (Cheung-Judge and Jamieson, 2019). Our literature search found 60 ways authors defined, described and talked about use of self. The frames and lenses through which use of self was explored varied from purely psychological discussion of the 'self' to descriptions of what values, characteristics, mental models, core skills and levels of self-awareness of one's behaviour were central to the masterful use of one's self. The following examples represent the better-known descriptions and definitions of use of self:

- 'The use of self is the way in which one acts upon one's observations, values, feelings and so forth, in order to have an effect on the other' Nevis (1987: 125).

- 'The OD practitioner is not only to stand for and express certain values, attitudes, and skills, but to use these in a way to stimulate, and perhaps evoke from the client, actions necessary for movement on its problems... the aim is to take advantage of the issues of differences, marginality, and attraction by the client so as to use oneself in the most powerful way' Nevis (1987: 54).

- 'Use of self is the conscious use of one's whole being in the intentional execution of one's roles for effectiveness in whatever the current situation is presenting. The purpose is to be able to execute a role effectively, for others and the system they're in, without personal interference (eg bias, blindness, avoidance, and agendas)… to have clear intentions and choice' Jamieson *et al* (2010: 5).

- 'To be able to be relevant in the here and now takes a person who is centered, sensitive and flexible who has tolerance for ambiguity and who can stay with the immediate situation and help those with whom s/he is working to flow once again with the river' Tannenbaum (1998).

- 'The simplest way we know how to talk about Use of Self is to link the concepts of self-awareness, perceptions, choices and actions as the fundamental building blocks of our capacities to be effective agents of the change. Hopefully to make a better world and to develop our own potential for doing so to the fullest in the processes' Seashore *et al* (2004: 42).

- 'Use of self consists of intentional, conscious and deliberate choices which result in action/behaviors taken to bring about change' Seashore *et al* (2004: 44).

- 'Use of Self is acting on feelings, observations, and thoughts to advance the work of the client' Rainey and Jones (2014: 107).

- 'Use of Self is the process of acting upon a complex set of factors related to the consultant, client and the practice of OD. It requires attending to self and client while honoring the values that are fundamental to OD… Use of Self is the integration of consultant (values, assumptions, beliefs, biases, tendencies), client (attending and engaging with integrity and purposeful intention) and OD (values, principles, theory, practices)' Rainey and Jones (2014: 114).

The 60 descriptions and definitions of the use of self were grouped into nine categories. Further details on the nine categories can be found in Figure 10.2 and Cheung-Judge and Jamieson (2019).

A practical picture began to emerge from the wealth of the definitions of use of self. Use of self is happening when practitioners intentionally draw on aspects of their selves to positively impact other individuals or groups in the context they work in. To achieve this, the practitioner needs to take time and effort to get to know who they are (both their positive and less desirable parts), how they operate, what are their default behaviours and response patterns, and how they impact on others and

FIGURE 10.2 The nine clusters of the 60 descriptions of use of self

1. Cognitive cluster	2. Affiliative/Emotion cluster	3. Courage cluster
- Cognitive power to sift through data - Strategic insights in seeing the whole system - Ability to frame and reframe clients' issues - Deep knowledge of our trade - Perceptual insights of situational dynamics - Able to separate data from interpretation - Is a systemic thinker	- Being empathetic - Holding positive regard for people - At ease in showing compassion to others - Showing grace for others - Paying attention to emotional reaction (self and others) - Able to sense the level of safety people need to do the work - Not afraid to show emotion at work	- Sense of self-efficacy - Sense of self-agency - Able to take evocative and provocative stances when necessary - Dare to differentiate and hold one's own opinion - Ability to engage in straight talking and point out the unspeakable issues - Courage to put self on the line - Champion partnership at work with clients - Humanitarian value - Committed to scientific inquiry - Hold strong client-centric value
4. Character cluster	5. Skills cluster	6. Values cluster
- Trustworthy - Shows humility - Respectful to others - Desire to serve others - Relationship-centric – build good connection with others - Sensitive to the flow of feedback - Desire for continuous learning and growth - Attempt to be non-judgemental of others - Have patience to watch the unfolding of events	- Good listener - Tolerate confusion and able to work with ambiguity without rushing clients to come to premature decision or action - State things succinctly, clearly and directly - Able to take advantage of issues of differences marginality - Capable of taking risks to achieve result - Able to do experiments on the go - Use inquiry in relationship building	- Appreciation of diversity - Commitment to equality and inclusion practice – as well as justice and fairness issues - Commitment to using democratic processes - In a learning and developmental stance - Champion partnership at work with clients - Humanitarian values - Committed to scientific inquiry - Hold strong client-centric values

FIGURE 10.2 (Continued)

7. Self-work cluster	8. Discipline (self-management) cluster	9. Continuous self-work and growth cluster
• Aim to do work to deepen our sense of awareness of self and others; managing boundaries • Work to be authentic and transparent • Being congruent • Call for mindfulness • Continue to work on unresolved issues in own life • Willing to invest in doing our own inner work • Knowing how to stay choiceful and intentional • Commit time for self-care	• Undertake supervision • Practise those skills that have high impact on others • Cultivate those habits that will increase the ability of generative thoughts and emotional renewal • Practise relating to others without judgement • Learn when to share (or not to share) issues • Stay non-reactive to challenging situations and people • Can separate serving my needs from those of the clients	• Continue to do deeper inner-self-work • Seek feedback and learning opportunities – willing to undertake supervision • Continuous development of trade knowledge • Continuous development to increase cognitive, perceptive and affective capacity • Reflective practitioner • Track how one's behaviours/habits impact others • Consciously develop presence through more integrative work

the situation in order to get things done. It is through this dynamic observation of the 'here and now' that practitioners can then ascertain what is needed and look at the range of choices they have for action, while discerning what intention they have in using their capabilities to intervene consciously with impact.

The definition of self-awareness in the arena of use of self is therefore more than just the intrapersonal understanding of themselves, it includes the practitioner's interest and commitment to those 'others' or 'multiple others' they work with, while bearing in mind the specific context in which the work is being done.

FIGURE 10.3   Self, others and environment
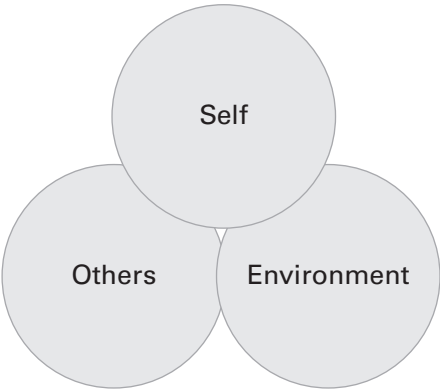
The interactions between the three – self/others/environment are what we practitioners need to be aware of to work effectively

Self, others and environment

Figure 10.3 shows us the dynamic interplay between self, others and context in the arena of use of self.

Jamieson *et al* (2010) pointed out that the use of self is needed for ODPs to execute their role effectively. In that process, they need to navigate through self, others and the environment, moment by moment, with the intention to use such awareness to advance the work with the client.

For ODPs to work effectively 'in the moment', it is important that they learn how to stay conscious and able to observe 'others', eg what they are feeling, what they need, where they are in terms of engaging with the many challenging issues within their organization and how the environment impacts on them. This, together with your own awareness of your internal impression of where you stand (in terms of the choices you can make) in brokering support to restore health and vitality to the system, will enable you to individually and collectively deliver appropriate and timely interventions.

The ability to observe the conditions of the system and others will be enhanced by your knowledge of who you are. This self-understanding – of your personas, shadows, styles, attitudes, values, knowledge, skills, identities and whole personality – is a critical element to your successful use of self. Without it, practitioners fly blindly, not knowing why you do what you do or think. Without self-understanding practitioners cannot be intentional in making a choice, most often because you are unaware that there is a choice to be made.

Over time, such intent becomes second nature. By constantly paying attention to one's inner world as well as others' reactions, the OD practitioner becomes more and more able to have their intended impact on the situation. This is what Ted Tschudy (2006) called the 'Big I' intervention. To be doing the 'Big I' intervention, practitioners need to have a sense of efficacy and agency (both concepts draw heavily on the work of Albert Bandura, 1997). Self-efficacy refers to one's belief in one's capacity to successfully achieve desired ends. Agency refers to one's ability and capacity to act as one's own agent in carrying out and implementing your courses of action. This is why your relationship with Campbell's power dragon is important.

From the first client contact to the last, the practitioner needs to stay constantly aware of what s/he can do to shift the system. Burke (1982) and later on McCormick and White (2000) pointed out the importance of one's instrumentality in conducting both diagnosis and intervention, using one's heightened self-awareness to carry out the various aspects of organization consulting via using one's self to do diagnosis: emotional reactions, initial perceptions, understanding of one's biases, postponing judgement, and the use of images and fantasies. They pointed out that self is an important instrument in the collection and analysis of data. So this brings us full circle back to the 'Big I' concept.

The dynamic interplay between self, others and environment in the context of use of self is comparable to a marathon movie, where various themes run through a multitude of storylines that emerge over time. At any given point one only sees one scene, but as the movie unfolds one's ability to track what is happening around the interaction of self, others and the environment will help the practitioners to make deliberate decision as to the range of action they can take to support the organization to move towards health. As Jamieson *et al* (2010) sum up nicely, use of self is 'the conscious use of one's whole being in the intentional execution of one's role for effectiveness in whatever the current situation is presenting'.

Presence

The field also encourages OD practitioners to focus on a continuous process of learning about one's conscious and unconscious reactions in different settings with different people (Berg, 1990). In doing this, you will slowly expand your presence. So what is 'presence'? Simply put, presence is an elevated level of the use of self. When you continue to use yourself to make a difference by giving, risking and providing a force that can be experienced by the client, you are cultivating presence. It is this directing your action and your best intentions to move the system that is so critical in the role of an OD practitioner.

Presence, therefore, is the practitioner's DNA. By working on the ability to help the client examine situations, gain perspective, generate ideas and explore implications, and by understanding people and their feelings, you are cultivating a presence that can effect change in and through the client system. Ultimately your presence will be felt and seen through your style, wise insight, value embodiment, incisive perspective and the way you go about handling challenging situations while building trusting relationships. There are different types of presence; the two that are crucial, from my experience, in supporting clients during challenging times are 'non-reactive' presence and 'benevolent' presence, which people can use us as a reference point for themselves – especially when going through crises.

This practical use of self and presence is summarized by Nevis (1987: 54):

> the practitioner is not only to stand for and express certain values, attitudes, and skills, but to use these in a way to stimulate, and perhaps evoke from the client, action necessary for movement on its problems. This means that the practitioner is generally more open and revealing about thoughts and feelings than might be true in other forms of process consultation. The aim is to take advantage of the issue of difference, marginality, and attraction by the client so as to use oneself in the most powerful way possible. Thus the Gestalt-oriented organization practitioner primarily focuses on interaction with the client as a means through which movement toward improved organizational functioning will occur. Specifically, the practitioner models a way of

approaching problems and through interest in the attractiveness of this way of being, hopes to mobilize the energy of the client to pass on the process skills to the client system, so that the client can pursue continuous development independently. The practice design skills of OD practitioners are heavily influenced by their value set.

Before we leave the subject of self, and use of self, let us look at a classic statement by Funches (1989) who believes there are three gifts each OD practitioner can offer to the client.

Gifts practitioners can offer

The three gifts that Funches (1989) names as important to the client are discernment, presence and heart. These gifts will be driven by the practitioner's: a) motivation to serve others; b) desire to see impact on the client; c) willingness to put themself on the line to shift the client's system:

- **Gift of discernment –** The gift of discernment involves using one's cognitive powers to sift through data to frame issues, gain understanding of the situation at hand and see the choices they can make to change the situation to achieve the client's goals.

- **Gift of presence –** The gift of presence is the ability to be present fully in the 'here and now' to assist the client to take stock of where they are and where they want to go, examining the different levels of reality: what is actual, what is desired or potential, what is possible or not. Practitioners can use different types of presence to steady the clients when they need to engage in tough work.

- **Gift of heart –** The gift of heart is the ability to attune and connect oneself to the system in which one is working. 'This gift includes qualities of compassion, humanitarianism, grace for others, passion for one's craft, and the will to extend oneself in the service of the work of learning and growth. This gift involves giving versus withholding of the self, recognizing people's infinite capacity for love and the organization's infinite capacity for nurturing relationship. This is not a gift given lightly, for it requires us to draw ourselves more and more into relationships with others' (Funches, 1989: 149–67). This last gift forms the basis of Campbell's relational dragon.

Funches emphasizes the importance of joining up the three gifts, as together they are 'similar to the brain, heart, and courage that were so essential for Dorothy to find her home in "The Wizard of Oz"' (Funches, 1989: 161).

Funches also believes that by dispensing these gifts freely, you will be moving towards mastery. She said when you take these aspects of use of self seriously, you will be able to guide others to develop what you have attained. The practitioner will also know when they are deficient in those qualities because teaching self-awareness,

self-management and social awareness will become a hollow endeavour when they are not actively engaged in personal growth and development.

So the hard question you need to ask yourself is whether seeking to deepen your self-awareness is something you do consistently as part of your personal growth journey, or is only something you read about.

The competence profile of the OD practitioner

One cannot accuse the OD field of having been uninterested in professional standards, professional competency, and practice, nor for that matter, in its future viability. Ever since 1952 when the first seven competency items were identified by NTL (Benne, 1975), through 2016 (the last comprehensive publication on OD competencies by Cady and Shoup), and up to 2018 (when Minahan reported on the USA ODN set of competencies) there has been persistent interest among both academics and practitioners in identifying what can, and should, constitute OD competence.

During this period, over 45 researchers and authors have made significant contributions to the study of OD competences. This is a conservative estimate as many more have propagated the concept in formal or informal gatherings, spoken in conferences or contributed in developing various professional network standards (see Figure 10.4).

Definition of OD competence

Before I go on, let's look at the definition of OD competence:

1 'An OD competency is any personal quality that contributes to successful consulting performance. The term personality quality is to embrace areas of "self" including values, and driving principles, areas of knowledge, including fluency with relevant theories and models, areas of skills and abilities, including the requisite behaviour capacity to perform our work successfully' (Lippitt and Lippitt, 1978).

2 'Competency is an underlying characteristic of an employee (motive, traits, skills, aspects of one's self-image, social role, or body of knowledge.) Hence, competency is associated with an individual's characteristics in performing work and includes anything that leads to successful performance and results' (Boyatzis, 1982).

3 'A well-written competency statement proposes and provides an operational definition that makes the desirable behaviour more accessible to the readers particularly those required to exhibit, assess and develop that competency. It is a clear description of KSA (knowledge, skills, ability) + attitude. The greater granularity, the more understandable and accessible it will be' (Cady and Shoup, 2016).

FIGURE 10.4 History of published work on OD competencies

Year of publication	Author(s)	Name of article/book
1950s	Benne, K	At NTL, came up with a seven-item skill list for ODP
1973	Partin, J J	Current perspectives in organization development
1974	Sullivan, R	Change agent skills
1978	Lippitt, G & Lippitt, R	The Consulting Process in Action
1979	Warrick, D D & Donovan, M	Surveying organization development skills
1980	Varney, G	Developing OD competencies
1981	Shepard, K & Raia, A	The OD training challenge
1984	McDermott, L C	The many faces of the OD professional
1984	Neilson, E H	Organisation Change
1990	Bushe, G R & Gibbs, B W	Predicting organization development consulting competence from the Myers–Briggs Type Indicator and stage of ego development
1990	Eubanks, J L, O'Driscoll, M C, Hayward, G B, Daniels, J A & Connor, S H	Behavioral competency requirements for organization development consultants
1990	Marshall, J, Eubanks, J & O'Driscoll, M	A competency model for OD practitioners
1992	McLean, G & Sullivan, R	Essential competencies for internal and external OD consultants
1992–2005	Sullivan, R and others	Annually: Competencies for Practicing Organization development. The International Registry of Organization Development Professionals and Organization Development Handbook
1993	O'Driscoll, M P & Eubanks, J L	Behavioral competencies, goal setting and OD practitioner effectiveness
1994	Church, A H, Burke, W W & Van Eynde, D	Values, motives and interventions of organization development practitioners
1994	Head, T C, Sorensen, P F, Armstrong, T & Preston, J C	The role of graduate education in becoming a competent organization development professional
1996	Church, A H, Waclawski, J & Burke, W W	OD practitioners as facilitators of change: an analysis of survey results
1998	Worley, C & Varney, G	A search for a common body of knowledge for Master's level organization development and change programs: an invitation to join the discussion
1999	Weidner, C & Kulick, O	The professionalization of organization development: a status report and look to the future

FIGURE 10.4 (Continued)

Year of publication	Author(s)	Name of article/book
2001	Church, A H	The professionalization of organization development: the next step in an evolving field
2001	Sullivan, R, Rothwell, W & Worley, C	20th Edition of the Organization Change and Development Competency Effort
2003	Worley, C & Feyerherm, A	Reflections on the future of organization development
2004	Davis P, Naughton, J & Rothwell, W	New roles and new competencies for the profession: are you ready for the next generation?
2004	Bernthal, P R, Colteryan, K, Davis, P, Naughton, J, Rothwell, W & Wellins, R	Mapping the Future: Shaping new workplace learning and performance competencies
2010	Worley, C, Rothwell, W & Sullivan, R	Competencies of OD practitioners
2015	Eggers, M & Church, A	Principles of OD practice
2016	Worley, C & Mohrman, S	A new view of organization development and change competencies – the engage and learn model
2016	Cady, S & Shoup, Z	Competencies for success
2016	OD Network, USA	Unveils the Global OD Competency Framework at its Annual Conference in Atlanta
2018	Minahan, M	Finally! Global OD competencies

Summing up, OD competencies are the characteristics that define successful performance by the OD professional. They delineate who ODPs need to be, what they need to know and what they must be capable of doing. They are a detailed description of an ideal performer.

History of the development of OD competencies

Since 1952, there have been consistent efforts by OD academics and practitioners to discuss what may constitute OD competence standards. Figure 10.4 gives the history of this journey.

In spite of these efforts, the field still does not have any agreement as to what constitutes competencies or how to apply them. Is this something that OD practitioners need to worry about, and is it important for the field to have competences? The answer is yes – as Worley, Rothwell and Sullivan (2010) pointed out, there are four reasons why the field should pursue OD competence.

1 For the development of the OD field
Like any field, OD needs to identify clearly its professional practices, which includes delineating its primary purposes, and how those purposes can be fulfilled by stipulating the type of knowledge and skills the practitioners need to demonstrate.

2 To aid the design of OD curricula
To guide academic institutions and developers to know what sort of curricula are needed to educate and develop practitioners at different levels, as well as to guide those institutions who grant accreditation to OD academic and organizational programmes.

3 For the individual ODPs
To inform newcomers to the field what is required for effective practice, to offer continuous guidance to practitioners on what they need to do to become masterful, and which academic and development programmes will help them achieve their career goals.

4 For organizations that employ OD professionals
To provide those organizations that hire both internal ODPs and external OD contractors, a clear set of OD competencies that will support their processes of selection, recruitment, deployment, appraisal and development.

What should be in the OD competencies?

Before this critical question can be answered, there is a need to acknowledge that because OD is a diverse field it is both difficult and unrealistic to have one agreed set of competencies for everyone. For example, what is a useful set of competencies for those who specialize in intrapersonal work (eg coaching) or focus on groups (eg group dynamics specialists doing team building or conflict resolution) will be different from those who focus on large-scale big-system change.

Given this situation, the issue is whether there should be CORE areas in which all ODPs should aim to be competent, besides the list of competencies they need from their own speciality.

In the first and second editions of this book, I proposed that OD practitioners need most, if not all, of the following. I am presenting them here not as a definitive proposal, but as a 'straw man/woman' to aid further debate as to what should be the core competencies in OD (see Figure 10.5).

Another way to group these core competences is to put them under these eight domains:

1 Relationship with self (use of self).

2 Relationship with people (applied behavioural sciences).

FIGURE 10.5 Possible core competencies in OD

Core competencies	Sub-areas
1. Well-trained in applied behavioural science	• Have a clear understanding of human behaviour • Well-versed in various theoretical frameworks in diagnosis and design of interventions • Understand and be curious about diverse human dynamics
2. Conceptual competencies on how organization works	• Understand how organizations work • Ability to see the systemic picture • Ability to do diagnosis and able to handle the data to draw insights into design interventions • Know-how to link data with intervention strategy and evaluation
3. Strong group processes skills	• Fluent in group dynamics, knowing how groups work • Able to do process consultation • Able to do facilitation • Able to work with groups in whatever situation
4. Consultancy and process skills	• Understand the OD consultancy cycle • Ability to contract, diagnose, design interventions, execute interventions and carry out evaluation that leads to exit
5. Use of self	• Clear knowledge of who you are • Having a grounded sense of self, not driven by need for other people's approval • Adequate self-esteem and self-confidence • High awareness of the impact of self on others • Commitment to make building positive relationships a top priority • A clear sense of who you are and how you work • Willingness to work on your unresolved issues
6. Change competencies	• Savvy in knowing how to work with planned and emergent changes • Understand the human dynamics and psychological issues in change • Savvy in the OD approach to change • A working knowledge of complex change and know-how to support clients to navigate through change
7. Ethics and value	• A clear sense of your own values and ethics and how to translate them into practice • Subscribe to OD values • Having clear ethical standards • Strong commitment to equality, equity, diversity and social justice
8. Specialism skills and knowledge	• Develop your specialism and level of system work

3 General knowledge of how organizations work.

4 Group savviness (strong group-process skills).

5 General consultancy and process skills.

6 General change skills.

7 Ethics and values.

8 Specialization areas.

It would be very valuable if key professional associations were to pick up all the work that has been done on OD competence, organize it into: 1) the core areas; and 2) the different specialized areas, so that individual practitioners could use the list (hopefully hosted on an electronic platform by professional associations) to construct their personal competence profile to guide their development.

Further suggestions as to how to implement the OD competence profile can be found in Cheung-Judge's article in *Organization Development Review* (2020).

The development journey that OD practitioners should engage in

Practically speaking, how does one start to become an OD practitioner? It will vary for different individuals; there are multiple entry points but only one destination.

Lynn (1997), in a useful article, outlined four levels of practitioner development, which offer insight into the ODP's developmental journey:

- level one – beginner;
- level two – technologist;
- level three – professional;
- level four – master practitioner.

Many *beginners* start by learning how to do HR, LD or project management. During this stage, you become more and more curious as to how organizations work and how people and groups within organizations work. You start wondering what applied behavioural science has revealed about the world of work and human behaviour; and begin to study different aspects of organization science.

Next, you become intrigued by the various methodologies made available so you start taking courses on specific methodologies, eg basic facilitation skills, or how to do team development work. You may want to get a few psychometric testing licences under your belt, and expand your toolbox in the types of interventions you are most interested in. If you are an internal OD practitioner, you will start looking for opportunities to volunteer your services, eg supporting a transformation project change team by offering an extra pair of hands, or by facilitating the induction of a longer-term

project team, or undertaking a research project for the internal communications department. As a result, some of you become 'team' specialists – getting qualified in the team instruments and attending training to perfect your team facilitation skills, while others invest in becoming a professional coach. Still others choose to learn how to use specific culture mapping assessments so that they can become a culture change specialist, or a change management method licence user. Often it is at this stage you begin to be able to discern what level of system work you are either good at or feel motivated by.

The transition to OD professional requires you to get some formal development in the field of OD, learning the current theories and practice of OD and starting to attend some experiential laboratory education (in the tradition of NTL and Tavistock), and to get to know who you are and how you work. The critical thing in your development (that is, if you aspire to be an authentic OD practitioner) is not to allow yourself to get stuck at the *technologist* stage. Not that there is anything wrong with being an effective technologist – many technologists make great impact in the world of work.

However, since all sustainable OD interventions require your ability to intervene minimally at three levels of the system (at least), it is important for you not to stay at this level, but to move on to the next phase of development.

In the *professional* stage of development you focus on developing yourself as an instrument – the trademark of an OD professional, which is the gateway to becoming a master practitioner. There is no shortcut to getting there, as good OD work requires you to delve deep within your own self in order to ensure the resources are there to be used in any consulting situation. This is when you shift your development focus from tools and techniques to experiential learning that drills deep – personally and interpersonally – so that the self as instrument is refined over and over again. The time will come when one day you wake up and realize you can walk into any situation and be able to undertake any type of project and use yourself for results without fear. When that realization comes, it is a sure sign of arrival at the *masterful* stage. How long you and I can stay at this stage will depend on whether we still have a continuous learning attitude and our habit (or lack of it) of self-care.

Stages and steps in our development

It has been asked, when is a good time to start the development of self? The answer is – from the beginning and with great intention.

The following 10 steps are general guidelines suggested by Curran *et al* (1995) and Cheung-Judge (2001: 14) to grow your use of self continuously:

1 **Develop lifelong learning habits** – continually develop and enhance your core competencies in order to progress in your trade knowledge. Try to move flexibly

among the various roles required of the OD consultant and see whether there are roles that you are more motivated to engage in. Develop relationships with peers and professionals with whom you can check perspectives, talk through challenges and strategies, and align values and practices. Take responsible risks that stretch your professional comfort zone and proficiency.

2   **Expand your 'positive core'** – identify the 'positive core' within yourself and deploy it to achieve the impact you want. Find out what is your gift and your motivation. Be ruthless in sticking to what matters to you; be it level of system work, or type of work that motivates you. It is important to be able to wake up and 'skip' to work with a thankful heart.

3   **Take steps to regularly refine your instrumentality** – refining your instrumentality implies regular maintenance work on self. In practice, it means dedicating time to the ongoing maintenance of both self-knowledge and technical expertise. Employ a shadow consultant, a mentor, a supervisor or even enter into a therapeutic relationship to continually heighten your self-awareness. Silent retreat once a month to regroup and reflect is also a good step. This goes with the lifelong learning habit.

4   **Sharpen your instrumentality** – devote time and energy to learning about who you are and how issues of family history, gender, race and sexuality affect your self-perception and identity. Be committed to developing your self-knowledge and expertise to ensure you are effective in your chosen field. Finally, regularly identify and explore the values by which you live your life, as well as developing your intellectual, emotional, physical and spiritual capacities.

5   **'Putting first things first'** (Covey, 1995) – try to achieve a balance between work and life and ensure you are running by the compass and not the clock. Work will never go well for long if the rest of life is a shambles. The integrity of your work will demand that you have clarity about what is also most important to you value-wise. Some of us feel strongly about doing *pro bono* work for charities serving the Global South or developing nations, for example.

6   **Build a habit to reframe, giving/receiving feedback** – reframing allows the emergence of new perspectives and feedback helps to promote a continual effort to change and adapt. Using others to help you to be the best you can is an important habit.

7   **Build up a strong support system** – a support system can be used to provide support, identify expert resources, and develop and maintain a sense of self-efficacy and agency. This can also be useful to help you deal with issues of transference, high anxiety, etc. Having access to a consultant action learning set or building a team of virtual mentors who can give different types of advice on methodology and on ways of consulting is valuable.

8 **Work to reclaim your own shadow** – Bates (1991) talked about the importance of claiming the unknown part of ourselves so that we can claim our shadow. This can come about by engaging in deep intrapersonal work, eg attending T group sessions or other advanced laboratory work such as that offered by Tavistock and NTL. Other suppliers run intensive personal growth workshops, or weekend renewal programmes.

9 **Work through issues of power** – develop strategies to manage your own and others' power dynamics. This area of work is more about shifting mental models and accumulating political skills, not to mention being comfortable with using personal power for results.

10 **Build a self-care package** – use self-knowledge to build a package of self-care based on the many suggestions listed above in order to ensure that instrumentality is sustainable and lasting.

To conclude, doing OD work is doing life work. By that I mean: a) we use our lives to have impact in areas that are important to us because of our values; and b) by doing this we push to know ourselves better and better. This level of development is justified because the field requires us to bring not just our intelligence, but intuition, observational skills, energy, commitment, theoretical knowledge, process skills, personal integrity and value orientation to do this work; practitioners need to develop the corresponding growth of self-knowledge as a significant aspect of becoming that sharp instrument.

My question for you before leaving this section is, how has your development journey been in the last couple of years? Are you like one of my colleagues who has done no development work for the last 20 years and is proud of that or are you like the most serious OD practitioners who accept that it is an ethical obligation to pursue continuous development if you aim to have the right to walk into organizations to 'do' OD?

Summary

I began in Chapter 1 by talking about the role of OD practitioners as third-party change agents and self as the most important instrument in the helping relationship. In Chapter 2, I outlined the five building blocks of OD practice – tools and techniques, the navigation map of the OD consultancy cycle, theoretical grounding, value and ethics, and the use of self. I looked at the importance of practitioners moving through their life journey building up the five key blocks. In Chapters 3 to 10, I have discussed the different aspects of the use of self in the field of OD, and I hope you have understood the unique gift of being an OD practitioner and the type of developmental journey you need to embark on.

Many of us know we cannot ever achieve perfect instrumentality. However, we can begin the journey towards that ideal by undertaking a process of lifelong discovery and of owning and refining our instrumentality.

Let's just imagine if all OD practitioners collectively (without a formal licensing procedure) agreed to create a bright future and make a major impact in the field of OD by the effective use of self. How would things change?

I believe that organizations all over the world would be well disposed to a group of effective helpers who would become likely partners with them in the pursuit of high performance and optimal health for their organizations. Through time, all ODPs would pass on the baton to managers (our clients) and coach them to play a key role in transforming the way their organizations are run. Ultimately, a healthy organization can develop itself with its managers as the primary practitioners. In this way, more managers will come to understand the necessary balance between freedom and constraint, democracy and authority, profit and ethics in organization life and health.

11

Power and politics in Organization Development

Organizations, just like human bodies, come in different shapes and forms. For example, we know of the following types: bureaucratic, hierarchical, rational, collegial/consensus, collaborative, learning, virtual, network, holacractic and wirearchical. Each type of organization has its distinctive way of running, eg in decision making, in its approach in problem solving, in how it organizes its people, in its propensity to form or not form coalitions or partnerships, in the way it does or does not collaborate, in the way it controls resources, in its operational procedures, in its way of working with its partners and suppliers, and in the way it treats its human resources. However, regardless of the differences between different types of organizations, they share similar anatomy – most of them have a purpose, structure, culture, a set of operational procedures and a human resource management system. Most of them, especially in the West, are pluralistic in nature because pluralistic organization is a trademark of democracy.

So what is a pluralistic organization? A pluralistic organization is made up of different interest groups, each with different goals and pursuing their own objectives.

The characteristics of a pluralistic organization can be summed up below:

- Is composed of different interest groups each legitimately pursuing its own goals.
- Each unit is charged to pursue its own functional agenda – and power is the means of bringing about desired outcomes.
- Conflict is, in this context, an inevitable and normal part of the way things get done.
- Bargaining and formation of coalitions is a necessary means to deliver goals.
- Sideways power is recognized as a necessary and frequently exercised component of managerial effectiveness.

- Political behaviour is part and parcel of the life of those who run organizations – it is the inevitable result when one's attempt at influence is countered by another interested party or group.

With power as an inherent feature of pluralistic organizations, those who work within the system need to learn to be savvy in analysing the political terrain, as well as learn how to navigate through the various power processes and players in order to get the work done. Those OD practitioners who are called upon to support the organization to work better will also need to be savvy about power and politics; if not, you will be ill-equipped to fulfil your role. This has been pointed out by French and Bell, and by Burke:

> Power and politics, indisputable facts of organizational life, must be understood if one is to be effective in organization… the OD practitioner needs both knowledge and skill in the arenas of organizational power and politics.
>
> (French and Bell, 1999: 282)

> Organization development signifies change, and for change to occur in an organization, power must be exercised. For the purpose of OD, therefore, the consultant must understand the nature of power, from both a personal and an organization perspective, and be able to determine, within an organization, who has power, how power is exercised, and where the leverages for change (exercising power) are likely to be.
>
> (Burke, 1982: 127)

In this chapter, I will cover the following:

1 What are power and politics?
2 Why power and politics are not favourite subjects for OD practitioners, and what they can do differently to change that perspective.
3 How power dynamics show up in organizations and the practical implications for ODPs.
4 How to build up a personal power base and power strategies to achieve greater impact – and be an ethical power user.
5 What does the OD community need to do to build power bases within an organization?

What are power and politics?

Here are some of the definitions of power by OD writers:

- 'Power is the potential for influence… the potential must be acted upon' (Burke, 1982: 149).

- 'Power is the intentional influence over the beliefs, emotions, and behaviours of people. Potential power is the capacity to do so, but kinetic power is the act of doing so. One person exerts power over another to the degree that he is able to exact compliance as desired' (Siu, 1979: 31).
- 'Power is the ability of those who possess power to bring about the outcomes they desire' (Salancik and Pfeffer, 1977: 3).
- 'Power is defined simply as the capacity to effect (or affect) organizational outcomes. The French word "pouvoir" stands for both the noun "power" and the verb "to be able to". To have power is to be able to get desired things done, to effect outcomes – actions and the decisions that precede them' (Mintzberg, 1983: 4).

Analysing these definitions, the following properties of power emerge:

- **First,** power is about creating the outcome one wants or what the situation requires – whether this is about influencing and shifting behaviour, or changing the course of events, or managing resistance, or getting people to do things that they would not otherwise do.
- **Second,** the exercise of power happens within the social arena, between two or more parties. The word 'potential' signifies that without being in a relational arena power cannot be exercised. The only exception to this is in the extreme form of power use, eg dictatorial and terrorist situations.
- **Third,** the effectiveness of power use is dependent on how one channels what one has (power base) through the choice of appropriate activities and behaviours (power strategies). Therefore, the exercise of power comes through the behaviour of individuals and the activities they undertake.

This last point defines the word 'politics'. Politics is the processes, actions and the behaviour you use to achieve the influence you desire, as French and Bell (1999: 286) put it:

> Organizational politics is power-in-action in organization; it is engaging in activities to get one's way.

Both power and politics are often used interchangeably with other terms like powerful, impactful, and influential and they all point to the same outcome – getting things done that otherwise would not have been done.

Why power and politics are not favourite subjects for OD practitioners, and what they can do differently to change that perspective

John Kotter (1995) reminds ODPs that with the level of complexity increasing in today's organizations, those who are called to support organizations need to become more sophisticated with respect to issues of leadership, power and influence.

In spite of many clear writings about the importance of being power savvy, there is a persistent political blind spot among OD practitioners as many still refuse to see the extent to which informal influence not only shapes the operation within the system but also shapes how decisions are made and how people get things done. There are many reasons that may have led to the ambivalent attitude towards power among ODPs. Among them are the following two reasons:

First, ODPs have been exposed in their day-to-day experience to various forms of negative power use, for example:

• Manipulation	• Petty personal squabbles
• I will scratch your back if you scratch mine	• Looking out for me and my team only
• Turf battles	• Hidden agendas
• Covert deals	• Behind the scenes decisions
• Deceitfulness	• Partial disclosure
• Trading favours for partial gain not for organization gain	• Doing favours where there are winners and losers
• Fake news	• Sharing news that puts down other people

Many of the above behaviours are not necessarily due to immorality or evil intention, as they can also be easily encouraged or reinforced by the policies and practices of organization (eg individualism vs communitarianism; reward based on individual star shining vs collective effort; or the imbalance between task focus vs relationship focus, etc). Because of the above, many ODPs' perception is that power is incompatible with OD values and they, having witnessed or even suffered from the abusive nature of power use, do not want any part in participating in the cumulative negative experience of seeing how power is abused.

Second, there is an ignorance about the different types of power use, and without a clear discrimination of them, ODPs tend to retreat from any form of power use. It is therefore important for ODPs to get to know that there are real differences between the positive and the negative uses of power, and know how to promote the former and dampen the latter.

According to McClelland (1970) there are two faces of power, which operate very differently, and they must not be confused. They are the negative face of power and the positive face of power.

Negative face of power

The negative face of power is the 'unsocialized' way of using power, ie when people use power in a negative way, they tend to dominate and control others often to benefit a single party (the power user). This use of power is characterized by extreme

pursuit of self-interest, an unsocialized need to dominate others and a tendency to see power plays in win–lose terms. Negative power tactics often revolve around secrecy, deception, hidden agendas, withholding information and, worst of all, dishonesty. The unfortunate thing is, these aspects of the negative power play are not only real, but will also continue to operate in organizations in overt ways, hence perpetuating the view that power is negative and corrupt. The conundrum of the source of negative power play – due to an aspect of human nature that people are playing to win, or due to the organization conditions that mindlessly encourage that sort of win–lose behaviour, will never be clear. But it is important for ODPs that instead of being surprised by it, it is something you need to anticipate and be prepared to work with. Moreover, this area of dysfunctionality should therefore be the target that most OD programmes need to aim at – to help the organization members to move away from this type of power play and towards more open, above-board, positive and collaborative use of power.

Positive face of power

The positive face of power is characterized by a socialized use of power, where the user tends to have an empowering impact. Such people are conscious that when they use power and influence, not only will they reach their goals but in the process of doing so they can also facilitate others to reach their goals. Therefore the positive face of power is characterized by a balanced pursuit of self-interest and the interests of others, as the users tend to view situations in win–win terms as much as possible; engaging in open problem solving followed by action and influencing. Their tactics are different as they tend to promote collaboration, building alliances and working jointly instead of using coercion.

While proponents of the positive approach detest the negative use of power, they are, however, pragmatic enough to accept that all organizations have negative power users; therefore, if they want to be effective and to get things done, they have to engage with the power dynamics in the organization.

McClelland's work should motivate the OD practitioner to learn how to be savvy in doing power work in an organization because the positive use of power fits very well with OD core values, especially in the areas of *power equalization*, *humane use of power*, *the importance of empowerment* and *helping organization members to deploy an alternative way of using power that will lead to collective goods*.

What ODPs can do differently to change the perspective

Gaining an understanding of the importance of positive power use in executing our roles is critical for ODPs, and it is important to review the areas where ODPs can make a real contribution to organizations.

First, encourage **power equalization** – this is a key characteristic of positive power use and is one of the core values of OD. Emphasis on power equalization stems from two OD beliefs: problem solving is usually superior to coercion as a means to finding solutions to problematic situations, and any effort to bring power equalization will bring in the wisdom that already exists in the system, which in turn increases the amount of power available to organization members, and by so doing adds power to the organization.

Second, the founders of OD were motivated to help organizations to be **more humane in their power use**. As Greiner and Schein (1988b) argue, OD values of trust, cooperation and collaboration are not only an inherent feature of the 'pluralistic/political' model of organization, but they can also make those organizations more humane and effective through empowering people to contribute their best.

Third, one of the features of a healthy organization is a distributed leadership model in which people at all levels feel **empowered to contribute to build up the organization**; hence it is crucial that all practitioners think about how to help members build multiple positive power bases in the organization (more power to everyone) by promoting OD values such as *trust*, *openness*, *collaboration*, *individual dignity*, and *individual and organizational competence*, which are consistent with the positive face of power.

Fourth, since power use is a critical aspect of the organization, OD practitioners not only need to learn about the various positive aspects of power and politics, the positive strategy and tactics of influence, and adopting the characteristics and behaviours of positive power users, but also help our clients to learn as they watch us model them. By upholding an **alternative way of using power**, you can show others that negative political bargaining and dysfunctional politics are not the only way.

To put it another way, the goal of OD is to ensure individuals within any large system do not lose their individuality and their sense of power and dignity to make choices and contribute. Our job is to become savvy in our power use and actively promote the use of positive power; if we do not, our talk about empowerment will be rendered worthless.

Back in 1988, two of the most significant researchers on power summed up the relevance of power use in OD in this succinct way:

> The effective combination of OD and power represents… taking the high road to organization improvement by… encouraging people to collaborate in making decisions that affect their own destiny and to incorporate approaches to power by (1) building its own power base so that it has access to those in power, (2) utilizing power strategies that are open and above board for influencing key power holders to address critical substantive issues that prove more creative and efficient than political bargaining, (3) assisting the power structure to confront and transform itself so that change can be more lasting, and (4) upholding the concerns and interests of those with less power who are affected by these changes.

The low road represents vested political interest groups, who, if left only to power and deception without OD, can destroy organizations by failing to tap human potential. Ironically, the low road also includes not only traditional champions of power who think that manipulation and political games are essence of success, but those OD chameleons who sell out to power.

(Greiner and Schein, 1988b: 7)

What is so challenging from their words is that not only do OD practitioners need to engage in the high road of power – being skilful in our power use – but you should also use OD values and methods to show the power users better ways to wield power for the good of the entire organization to prevent them going down the 'low road' as you do your work.

The reality is there is NO middle road of power, and there is no avoidance of power for those who work and support those works in organizations.

The rest of the chapter further explores how you can gain more power and influence, but for now, you will need to learn more about how power shows up in organizations.

How power dynamics show up in organizations and the practical implications for ODPs

Since power is a key aspect of organization life, and power dynamics is a dominant part of organization, it is important that OD practitioners investigate the patterns of power use in the organizations they are supporting. Power stems from possession or mediation of desired resources. The definition of resources is very broad – it can include the ability to reward and punish, having critical skills, knowledge or information, the ability to solve critical problems or exigencies for the organization, empathy, time to listen, collaboration – anything that people can trade-off to support the organizational work they are in charge of. So it is important for ODPs in their ongoing diagnostic work (formal or informal) to try to understand how power works, in the form of how decisions are made, how resources are allocated, how people in the back room trade-off and bargain, how projects are stopped, how conflicts get started and get resolved, how to obtain sponsorship, etc. Without such understanding, you will be like a guide trying to lead your clients through a dense jungle without a map. Without knowing what the power terrain is like within the context you work, it will be difficult to help your client to get the gist of how things are currently done and therefore how to get things done and consolidated, or undone.

Burke (1982) also pointed out that OD practitioners should be very interested in how power is distributed in the organization because the imbalance of power distribution will impact both performance and morale. He encouraged ODPs to ask:

- What proportion of the workforce appears to be out of the mainstream and feels alienated because they have no access to sources of power?
- What proportion of the workforce appears to have authority by virtue of their position but in reality they are not linked either informally or politically to the power centres of the organization?

Burke believes the greater the proportion of the workforce that has no access to power, the more likely feelings of powerlessness will pervade the organization. If that is the case, organizational morale will be unnecessarily lower than normal, and the efficiency and overall productivity of the workforce is likely to fall short of their potential. And when it comes to change, effective change will be hard to manage in that context unless there is permission to use the change approach to shift the condition.

Along similar lines, Kanter warned of the danger when a majority of people within the organization feel powerless. To be powerless in an organization is like having responsibility without system power to support the execution of the role. In her words, she painted a very clear picture that those who are being held accountable for the results produced by others are frustrated because even though their formal role gives them the right to command, they lack information and political influence, and they do not have access to resources, outside status, sponsorship or mobility prospects. Such hollow ability to command with no control over their own fate is what makes an organization a soul and motivation destroyer (Kanter, 1977). Kanter further pointed out that when a majority of the people are in this state of powerlessness, they shut down their emotions and attempt to:

- control others as part of defensiveness and self-protection – manifesting in bossy and critical behaviour;
- develop rule-mindedness – as controlling rules may represent one of the few avenues for exercising power;
- exert territoriality or turfmanship – protecting one's domain can provide a sense of power.

In that state, powerlessness becomes a monstrous corrupting factor in an organization.

Both Burke and Kanter believe that when people are showing symptoms like the above, the organization will never excel in its performance, which in the long run will impact on its future viability. Therefore, once diagnosed, it is important that these power differentials be adjusted through OD programmes to ensure all those who are without power will have a voice in not just any change programme, but in

running their day-to-day operation. The aim of ODPs is to help the organization to create conditions whereby people can be shifted out from the state of powerlessness towards exercising authority on their own or in groups – and therefore a normative direction for OD practitioners.

Another context that makes power highly relevant for OD is during a period of change. Within every political system, there are different interest groups, informal cliques and multiple coalitions who will increase their political activity as they try to find a strategy to either promote or resist change. Those who have power worry about losing it and tend to work to tighten their control; those with less power see new openings and begin manoeuvring for a bigger share of the pie. As Nadler pointed out (1998: 5), 'change always involves power and politics. Change brings instability, upheaval, and uncertainty... change means new patterns of power, influence, and control – and consequently, high-stakes office politics'. Therefore, change agents need to be extra attentive to how power plays out between people during change, and use methods and processes to minimize the negative use of power and turn covert trading to overt negotiation.

Power means energy. During change a paramount energy source is required to run the human side of the organization. For change to be planned and channelled properly, energy (power) must be located and used, eg through committed senior change leadership, who are key levers of power in the organization. On top of that, ODPs also need to look for evidence of powerlessness (as Burke and Kanter pointed out), for where powerlessness exists, you will find problems in the change progress, as whenever there are 'underdogs' there will be unhealthy conflict.

The last area where power will need to be attended to in organizational life is the pattern in which 'interdependent' units within organizations use power. Do the patterns show sharing and positive power use, one unit supporting the success of another, or vice versa? Do units share resources and aim for collective gain versus individual gain? Do they see themselves as a part of the whole, with agendas for the part yet mutual benefit for the whole, or at least 'do no harm to the whole'? With everyone dependent on others to achieve their key results, how will the power use patterns enable them to share desired commodities, engage in mutual trade-offs, doing favours, exchanging knowledge and information within the organization, in order to ensure the whole will be supported in a healthy interdependent way?

In essence, you will need to demonstrate to your client your own willingness to engage in power and politics, and to show that power play is not only legitimate but also necessary, especially in times of change. Show your client that power bases can be cultivated as there are different forms available to individuals, and once s/he discovers or develops a power base, you and your client will then use your 'will' and 'skill' to engage in the use of power for results. You need to ask yourself, 'Do I have the will and skill to engage in power and politics in a positive framework and to role-model how power and politics can be used in an ethical way?'

To end this section, we will use three similar quotes to reinforce that power needs to be embraced and used within organizations, and in doing so you must embrace the use of power in an ethical way:

a 'Powerlessness tends to corrupt and absolute powerlessness corrupts absolutely' (Ross Kanter).

b 'Weakness tends to corrupt, and impotence corrupts absolutely' (Edgar Friedenberg).

c Both statements (a) and (b) took off from what Lord Acton said in his letter to Bishop Creighton: 'Power tends to corrupt, and absolute power corrupts absolutely'.

So what are the practical implications for ODPs?

There are many practice implications for ODPs when it comes to walking the high roads of power. The following six areas are especially important:

1 When you work with a client, or a client system, you need to understand that particular organization's politics and what resources your clients have. You need to be alert to whether your client has a sufficient power base but also whether they are willing and skilful enough to engage in activities to get things done and achieve greater impact. If not, you will need to coach them – political skill is something you can teach. Designing a programme showing people how to be more savvy in their power use is not difficult, eg within a temporary change team that you have put together. By educating them about the skills of power use, they may become more willing.

2 It is important that very early on, you assess what power needs different clients have for the work they like to do, see whether you can help the clients to work out their interdependence with each other and encourage them to do trade-offs, sharing their resources, helping different groups to become impactful through their collective endeavours. In other words, encourage them to create a win–win situation with others. ODPs are critical interveners in shifting the power habit within a system from a Machiavellian to an ethical power use. Using influences, ODPs need to help to create multiple winners, keeping open agendas, learning to use words and promises as bonds, spread credit, sharing powers to get things done. This is very much an explicit above-board use of power you need to teach and role-model to the clients.

3 One of the important activities to show the clients is to help them to chart the power map in reference to the issue they are in charge of shifting. For example, help them to set up their own action review by asking questions like:

    a. In reference to the change issue, who are the key players whose ownership and role is critical in successful implementation of the change?

b. What is their level of power and influence in the organization – high, medium or low?

c. To what extent are they owning or resisting the issues?

d. Who within their constellation can help to boost their ownership?

e. What sort of group membership do they have and are there any chances for you to use group dynamics to influence the changes?

f. What are the 20% tactics you can use to achieve 80% of the results you want?

There are many different types of power and political mapping available in the literature, but whatever way you do the mapping, the payoff is in the process of doing the analysis, as that increases the client group's own awareness and capability in knowing how to do that within their organization. Getting clients to be more politically savvy (in an ethical way) is a sustainable way to promote the high road of power. It is important once the discussion is done that the political map should be discarded to avoid misunderstanding.

4 As for carrying out diagnosis, you will need to look at the various ways in which power is played out and the impact of that on organization performance. Possible questions that will promote action research inquiry are:

a. When it comes to the issues you are trying to resolve, who are the primary decision makers that you will need to influence? Are they united in their view about the issue? If not, where is the split?

b. Where is the split located in the managerial hierarchy? Would one group have the upper hand over the other? What type of intervention will you need to do to achieve power equalization?

c. How are their decisions typically made? What does the collaborative decision-making process look like for this group? What information will they need to have in order to encourage that collaborative approach?

d. What sources of power do your own client and/or his/her manager appear to have? How do you up their power?

e. How does the informal network operate and how effective is it in getting things done?

f. What types of alliances exist currently and what are their views towards the change area?

g. Who are the informal power leaders other than those who hold the formal titles in each division?

5 For those ODPs who are in charge of supporting a change programme, you need to be aware of the importance of designing the change process to give individuals affected by the change an appropriate level of distributed leadership so that they

can direct their personal energy to supporting the change. Using change processes to spread the power use, you will be tackling a prime facet of the organization's culture.

Whenever change is instituted, there will be an opening power play in the form of selling, persuading, pushing, particularly during the transition state. After the change programme has begun, do your best to ensure people will not revert back to secrecy, pairing off, using negative power strategies and power sources to destabilize the change. It is important to know how to stabilize the power used and make as many things transparent and above board as possible.

6   During the period of high instability, uncertainty and tension, three key problems – power, anxiety and control – will surface. Those who are in charge of change will need to find various ways to help people to manage these three areas. For example, proposing more distributed decision-making processes will give power and control back to people. Choosing a leader who has credibility and impact to lead the change and front the communication process will help to contain people's anxiety. Finally, by choosing people who have various power bases to form the temporary change structure, you will also increase the influencing power of the team and hence control.

Finally, during the implementation period, lots of local leaders should be given autonomy and power to implement the change so that clear power bases are set up to enable those who need to run with the change to have power to execute their roles.

How to build up a personal power base and power strategies to achieve greater impact – and be an ethical power user

So being savvy in power and politics is a key characteristic of an effective OD practitioner. You will therefore need to ask yourself what you need to do to build up your personal power in order to achieve great impact. To answer this question, you need to understand two key power-related concepts: What are power bases, and what is in your "bag of goodies" that entitles you to use power? And what are power strategies? What power strategies do you need to have access to and to deploy for results?

Power bases

Power bases are composed of unique resources over which you have control. The type of power base you have will determine your available power strategies for influencing others. Power bases are dynamic, which means they can be developed, expanded or eroded depending on your circumstances and what action you do or do not take.

According to French and Bell (1999), OD practitioners operate from a range of potentially strong power bases that we can use to our advantage. These include:

- **Legitimate power –** the power that comes with both roles and position, something that is formally stipulated. For example, when an OD programme is formally authorized by the organization's decision makers and the appointment of OD practitioners is backed up by the formal commissioning process.

- **Expert power –** the practitioner possesses expert knowledge in those areas that most leaders do not have, and yet the organization needs. The act of dispensing such expert knowledge for the benefit of others and the organization seals the formal power of OD practitioners.

- **Informational power –** the practitioner has a wealth of information about the organization as well as specialist knowledge on the functioning of groups and organizations. But such power will be granted only if the ODP freely disseminates such information for the benefit of the collective good, and other people see the ODP's action in this area.

- **Referent power –** people will identify with and be attracted to the presence of the OD practitioner, who is non-reactive, non-judgemental, tolerant and supportive. By being the type of person one is, one attracts others.

Another writer, Michael Beer (1980), has identified a similar set of power bases by which an OD practitioner can gain and wield power in organizations:

- **Competence –** demonstrating competence in delivering the jobs that you are commissioned to carry out by leaders.

- **Political access and sensitivity –** cultivating and nurturing multiple sources of support by offering your services to people and being personally supportive to their organizational agenda.

- **Sponsorship –** having multiple senior leaders giving sponsorship, speaking publicly about the value OD functions offer to the organization because they have witnessed the work you have achieved.

- **Stature and credibility –** having early success on any OD initiatives will lead to the building of credibility and stature. When your OD programme demonstrates usefulness to key managers, then their level of satisfaction will help to promote the OD reputation. Power will accrue to you because you have been successful and effective.

- **Resource management –** power accrues to those who control resources – in this case, the resources of OD expertise and ability to help organizational sub-units solve their pressing problems will strengthen your power base.

- **Group support –** if the OD group is strong internally, it will be strong externally. If the OD group is cohesive and free of internal dissention, it will gain more power. This is a key point for the internal OD function to remember.

All these power bases will help you and the OD function to be impactful. By accumulating a variety of power bases, you and your colleagues are in a position to help leaders to deliver sustainable results for the organization time and time again. Once the OD function builds up its reputation, then the likelihood of success for OD programmes will go up. It is important to remember no one will offer power to support functions like the HR/OD functions on a silver platter – whatever power bases you gain, they have to be gained with intentional effort.

So it is important to start each project by taking time out to review what you and your client have and what you will need to build up to ensure you have a sufficient power base to navigate the power terrain and be effective in your work.

Power strategies, activities and alliances

Power strategies are what power holders use (action, activities) to achieve work-related objectives. There are many types of power strategies; in a pluralistic organization when everyone is dependent on others to achieve their legitimate goal, helping others to pursue their legitimate gain and giving support to others is a key power strategy. Hence, other main power strategies will include:

- forming alliances and coalitions;
- surrounding oneself with competent colleagues;
- trading favours;
- focusing on the needs of the target groups;
- working around 'road blocks';
- using data to convince others;
- presenting a persuasive viewpoint; and
- being persistent.

The power strategies are endless, depending on who you are, what types of power bases you have and the cultural context in which you operate, as all cultural contexts will deem certain types of activities as legitimate, constructive or vice versa.

Kanter (1977) helps to identify two main types of power strategies in organizations: *activities* and *alliances*. According to her, there are three types of **activities** that are key to power. They are:

- **Extraordinary activities** – for example: being the first in some new endeavour, supporting certain organization changes in an innovative way, or helping the organization to take some risks in order to achieve a gain.
- **Visible activities** – for example: showing people how to make things happen so that they learn how to support themselves, using them to spread the impact of

your work. Backing up visible leaders and supporting their initiatives with results will help to make you visible, attracting attention to what you are doing or are about to do.

- **Relevant activities** – for example, focusing on delivering activities that are specifically addressing the pressing organizational problems.

According to Kanter, the first two types provide opportunities for one to have impact, and the third type assures access to key information and to important connections, which she calls alliances.

It is fortunate that these three *power activities* are an integral part of what OD practitioners are supposed to do anyway – taking our clients to new places by focusing on their sustainable development, which will produce results in relevant areas in the business. So, if you do your job well, you will be halfway there to building your reputation and credibility.

What would **alliances** as a power strategy achieve? According to Kanter, alliances provide power *through* or *from* others.

First, OD practitioners' clients need to *seek alliances with senior sponsors and mentors*, as they give your client and you access to decision makers, and that often may provide power in the form of someone to: 1) fight for you; 2) help you bypass the hierarchy at critical times; 3) show that you have 'reflected power'.

Second, OD practitioners need to help their clients to build *alliances with peers*. If more senior allies are very important sources of power, so are peers. In fact, peers are often the most valuable source of information and backing in any organization. Peer acceptance is necessary to any organizational power base. For OD practitioners, when your clients are in alliances with strategy, finance and HR colleagues, and all the key functional heads, they will be in an enviable position to get things done.

Third, there is an often unseen edge of power – its 'democratic' side. Power grows through empowering others, through *allying with subordinates* and sharing power with them so that they also have the capacity to accomplish. Some ODPs (especially if you are internal) may have subordinates, and if you do, developing your staff and gaining their loyalty will give you a solid base from which to operate. For those of you who do not have staff, you can always find opportunities to support the young emerging leaders of your senior clients, hence leaving people clearly able to take over what you started. By cultivating the staff of your senior client, you are doing multiple favours for multiple people. You will help your senior clients to secure sufficient internal resources to deliver their agenda, and you will groom younger leaders to be able to add real value to their division and therefore make them visible. You will ensure the OD initiatives started will have a chance to be successful. All these gains will add to your credibility and stature.

The importance of alliance is illustrated by this quote:

> One of the most important ways of gaining power in an organization is by establishing a broad network of task and interpersonal relationships... networks are critical to effective performance for one compelling reason: except for routine jobs, no one has the necessary information and resources to accomplish what's expected of them. Indeed, one investigation of the determinants of effective management performance concluded that a key factor distinguishing high and low performances was the ability to establish informal relationships via networks
>
> (Whetton and Cameron, 1991)

Finally, power does have a tendency to corrupt, so it is important – as you are encouraged to cumulate your power bases and increase your power strategies – that power is grounded in ethical standards.

Be an ethical power user

Joel Deluca (1999:49) gave the characteristics of a politically savvy individual as someone who accepts the fact that human nature and organization politics are inseparable. So by intention they are someone who chooses to become an active but also ethical player in power and politics. Their characteristics include the following:

- puts the organization first;
- believes in and cares about the issue at hand;
- sees a career as an outcome rather than a goal;
- plays above board;
- legitimizes the task: avoids the political blind spot;
- ethically builds a critical mass of support for an idea they care about.

In *When Giants Learn to Dance* (1990), Kanter described this kind of ethical power player as a business hero – someone who has learnt to make relationships their key use of influence and always working with others to achieve results. This type of business hero is very close to what Tom Lambert (1996) described as 'ethical influencers', who bear characteristics that are complementary to Deluca's list:

- acceptance of reality;
- freshness of appreciation;
- spontaneity;
- solution-centred;
- the journey is the goal;
- healthy dose of detachment;

- independence from culture and environment;
- confidence in their individuality;
- desire to be of service;
- democratic.

Janet Hagberg (2003), in her book *Real Power*, described such trusted ethical power users as always having gone through a major transition in their power use. Going from powerlessness, to power by association, to power by achievement, to hitting a WALL, then power use shifted to power by reflection, power by purpose and power by wisdom.

All these authors are trying to communicate a key message to those who like power and influence, and want to grow in their own power, that they need to pay attention not to let power corrupt them, but to learn how to use power wisely to support changes in organizations. They all want ODPs to stay alert and be wary about the seduction and dark side of power. It is using power in a positive and ethical way that will give the OD community their own assurance that their inner power through integrity, mission and empowering others will ground them in that zone of awesome power use for good – serving others, without selling their souls.

What the OD community needs to do to build organization power bases

We have talked about how individual practitioners need to build power bases and power strategies to achieve greater impact for their clients. On top of such personal strategies, you need to think how to make the OD function, and the field as a whole something that is indispensable to OD users and potential users. Below are four ways to build organization power bases for OD functions:

- **Become a 'desired commodity', both as a person and as a professional group.** Being the type of person that others want to relate to and spend time with means that by being who you are, you attract. This is what French and Raven (1959) called 'personal referent power' – the highest form of power. The development of this power base will involve your intentional use of self as an instrument, cultivating your ability to be a good listener, good communicator, good developer, coach and counsellor, and knowing how to show appreciation for the strengths of others. On top of this, being trustworthy will also help people see you as reliable, dependable and honest in your dealings with them and will also help you greatly. These skills and traits are highly valued in social exchanges. However, these skills need to be exercised within the relational arena through social interaction. Those ODPs who always put their relationship-centric values and behaviour first will automatically draw people to them. As people feel seen, heard and cared for, they in turn will be willing to put themselves out to support others.

What you need to remember is that those people whom you deal with are well able to judge your honesty, authenticity, trust and level of concern. They notice when the practitioner has little energy, exhibits symptoms of stress, gossips or cannot handle feedback. Practitioners diminish their personal power when they fail to 'walk the talk' especially when clients expect to see you act as models of OD values, and will begin to tune out when your behaviour does not match the values being expressed. Personal referent power enables consultants to influence others by their mere presence.

Professionally, a desired commodity means you have competence, stature and credibility in dealing with a range of relevant organization issues, and are not just stuck in your own sense of mastery. Good OD practitioners are experts on people, organization, social processes and change. Such expertise is a rare and valuable commodity among the leadership community. Hence when you work hard to perfect your craft with people, groups and organizations, getting results while simultaneously increasing the capability of your client in the process, you will become a very sought-after commodity, I guarantee you.

- **Make your OD initiative itself a desired commodity for multiple strata of people.** There is a big difference between ODPs who formulate their programme of work based on their insular 'inward' perspectives and those who formulate their programme as a valued commodity for multiple powerful people in the organization. When the OD work programme aligns with the organization's strategic ambition, this will help to serve the needs of top executives, and will gain it respect and protection that sets it above most political entanglements. So a useful rule of thumb is to make sure you pay special attention to the macro, whole-system issues, which often are the concern of the top executives, as that is what they are being held accountable for to deliver for the organization.

    The downfall of internal OD teams is when the majority of their work is on an interpersonal or group level, eg coaching and team development. While both of those activities are important, they are outside of the whole system arena. Many OD departments in past decades were closed down because their balance was slanted towards the coaching and team-building work instead of supporting the whole system to do macro transformation.

    Having said that, it will be equally important for you to make sure that OD programmes should be made accessible to people from all levels. That way, you spread the OD programme to multiple groups rather than a single one, securing increasing support and reducing the likelihood that the programme will become the target of political activities. Not only will you have intervened in the whole system, you will also have robust data from all strata of the organization to feed back to leaders, hence helping them to make discerning decisions. The power

holders may then turn to you to seek further guidance as to how to secure greater support from those strata. After that, decision makers will commission more work from you and listen more to your advice.

- **Get involved in strategic management issues.** If you are an internal OD practitioner, make it one of your top priorities to get involved in the strategic planning and implementation processes. OD is twin to strategy. As strategists focus on the external adaptation issues, you focus on the internal integration issues – constantly asking what needs to be modified, adjusted, abolished or introduced in order to ensure the internal capability is able to support the strategic ambition of the organization. In doing so, you are also ensuring that the speed of internal changes can match the speed of external changes. When OD initiatives are tied to the organization's strategic priorities, you can demonstrate the value OD can add to the organization's success. Getting involved in the organization's strategic content and processes is a key power tactic. In the 1980s, Greiner and Schein stated this point clearly:

> We argue that a 'new OD' must emerge to help the power structure change not only itself but the strategic alignment of the firm with its environment. OD can, if properly devised, provide a more effective process than political bargaining for assisting the dominant coalition to address pressing strategic issues. In essence, OD must enter the arena that has long been sacred ground to the power elite – the strategy of the company, its structure for delivering on it, the positions that key leaders will hold in the structure, and the manner in which they will lead.
>
> (Greiner and Schein, 1988a: 60)

- **Create win–win solutions.** The nature of pluralistic organizations means that all members need to learn to engage in effective conflict-management techniques and how to enhance stable, constructive social relationships. This will include how to promote win–win solutions for everyone. OD professionals who are skilled in conflict-management techniques, and design, execute and facilitate OD programmes that encompass conflict-resolution activities will become valued commodities.

Summary

To sum up the key points emerging from this chapter, first, power exists in all organizations; ignore at your peril.

Second, there is a normative direction of power use for OD practitioners – to help organizations to shift from negative power use to positive power use is part of your job in OD. Whenever you can, whatever you are charged to do, your job is to help

your client to look for ways to build a healthy system that is marked by a positive use of power, by first teaching them how to engage in ethical power play.

Third, OD practitioners must be politically savvy, by cumulating sufficient power bases and by learning a variety of power strategies. You also need to support your team and OD community to build their collective power bases in order to be impactful in their work.

Fourth, OD practitioners need to pay attention to how their own need for power is played out with clients. Burke (1982: 149) told us that there is evidence that people in the helping professions, including OD practitioners, are likely to have a higher need for power than that of the general population. McClelland and Burnham (1976) also documented empirically that more successful managers have a stronger need for power than less-successful managers do. This potentially can create 'competitive needs' in the relationship between client and OD practitioners.

Fifth, in addition to being sensitive to the client's need for power and to one's own need to influence, you must also be prepared to take a position regarding how power is exercised in the organization, especially in the planning intervention phase, as that will guide you towards what kinds of activities, and at whom to target them.

Finally, remember the most effective source of power in the OD world is your personal referent power; aim to become the type of person that your client will want to 'refer' to.

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Section 5

Additional thoughts

- Chapter 12: What is an organization? What is organization health?
- Chapter 13: How to build up your presence and impact on organization life

This section is my attempt to share with readers my two greatest concerns: a) the robustness of our practice; and b) our standing in the world of work and whether we will continue to be called upon to help organizations thrive.

In most professional fields there are defined norms for training, and in addition means for identifying current best practice, through publications, guidelines that are updated as better practices are identified, and so on. Agreeing and disseminating current best practice has not been an easy task for the field of OD, for good reasons. Organizations are not simple. Their functionality depends on a myriad of complex factors interacting together, eg the environment they function in, the industrial or service sector in which they operate, their fundamental aims, the core tasks they set out to do, their human resources, etc. So when an organization asks how it should become more healthy, it is difficult for any of us to answer without saying 'well it depends', because a standard of organizational health is very hard to identify.

Having said that, there have been attempts on and off, by academics and major consultancy firms, to delineate what is a healthy organization. In Chapter 12 I look at the various sources of discussion on organization health, identify the various lists of indicators that have been considered, cluster them together in order to see whether certain factors become prominent and then compare them with a robust piece of research on organization health that McKinsey has carried out for over 18 years.

The intention is not to offer a definitive list of indicators of a healthy organization, but to expose readers to the different types of thinking on this topic, with the hope that some will get together with their colleagues to compare notes on their work in building healthy organizations and see whether a working theory of organization health will emerge from their consultancy experiences. Or even better, for practitioners and academics to join forces to put some research rigour into this topic, based on a series of working theories that emerge from diverse practices. The deep

desire is to get this concept into the paradigms of organization leaders and ODPs so that they can be in partnership not just out of curiosity about what healthy organizations are like, but to be better able to play a role in shaping and building such organizations.

How do organizations get the right type of help in their pursuit of flourishing? I believe the field of OD (as an applied behavioural science) is a critical discipline that guides leaders to know how to simultaneously improve organizational performance and health through its understanding of human nature, of the nature of groups (particularly work groups) and of organizations that make development of human potential a reality. Without seeking to expand our 'political' influence in organizations, we (the OD professionals) will not be the chosen group to support the top leaders in their pursuit of the health of their organization. So it is time for us to be more intentional in identifying ways for us to increase our standing among those whom we think are in the position to build organization effectiveness. In Chapter 13, there are tips for individual practitioners as well as for internal OD personnel that expand what I wrote in the second edition.

I believe there is both a critical business case as well as an economic case that sizeable organizations should have their own internal OD team, ideally separate from the HR team, but working in close partnership to get the people and organization agendas working together.

Finally, we need to realize that power in an organization will never be handed to us on a silver platter. What we need to do is to build our reputation, serving the greater good of the organization, and becoming so business savvy that the top leaders will turn to us to help them translate organization strategies into deliverable results. When we achieve such performance, we will build not only the organization, but also the reputation of OD.

I believe that there is a bright future for OD in helping organizations and their members to continue to scale higher ground in a complex and chaotic world. As a community of professionals, our training in applied behavioural sciences will inform us how to support organizations to run well and to thrive – not just for themselves, but for those they serve, and for the community and society in which they exist. After all, that is our calling, and what the world is calling ODPs to do.

12

What is an organization? What is organization health?

At the end of the diagnostic stage, ODPs will normally be asked, based on the diagnostic data, to design and carry out interventions so that the desired change agenda will be delivered. Other than the data from the diagnostic phase, I often wonder – are there any normative frameworks and guidelines practitioners can use to steer the direction of the design? I am curious about what else is available to my client and if we want to aim beyond the change agenda to ensure true development of the whole organization (the big 'O'). Often a lot of our work does not focus on the whole organization. If change is not synonymous with development, then the probability of the organization reaching its ultimate purpose will be small. The job of ODPs is to look constantly for opportunity to *develop*, *maintain* and *systematically and simultaneously build* organization effectiveness and health.

While the medical model is not always appropriate in organization science, nonetheless I wish there were some 'bigger' health and performance 'end state' descriptions available for us to refer to. Not as definitive standards, but as extra reference points for us to chew on as we carry out the design of an intervention. You may ask, isn't that what those powerful organization models are all about? For example, the frameworks from Burke and Litwin, Weisbord, Galbraith, McKinsey, Nadler and Tushman, Freedman – the Swamp Model, etc. Are they not something for us to refer to? The answer is yes and no. Yes, because most of them are more than descriptive frameworks, they are normative frameworks – reminding ODPs that behind their theoretical premises, there is an ideal way for organizations to function. For example, Burke and Litwin believe that optimal health in an organization is when most of the 12 variables within the framework are in congruence with each other. They also believe that form follows function, and if the pressure to change comes from the outside, then transformational variables have to be aligned and changed before any result can be expected from the change agenda. Very similar premises are behind the Nadler–Tushman congruence model. As an open system, the organization needs to

be vigilant about how the four categories in the middle 'fit' with each other. Congruence can lead to improved effectiveness and performance. But in the longer term, too much congruence can fuel resistance to change. Weisbord's premise is that the larger the gap between the formal versus informal, 'espoused theory' and 'theory in use' between his five key categories, the more likely the organization is functioning ineffectively. So yes, these frameworks do offer ODPs something to refer to in terms of what constitutes optimal health, based on the authors' assumptions. But each of the models subscribes to a different set of premises, often referring to specific aspects or situations of the organization, eg Burke and Litwin is a framework addressing the change scenario, Weisbord is focused on 'what is' versus 'what could be'. Nadler–Tushman is focused on the work transformation processes that hold the power to translate the input strategy to outputs. So while they offer useful insights into the health of some aspects of the organization, none of them offer a 'whole-system' health perspective.

Ideally, all organizations, after any form of change, should be 'healthier, 'stronger' and more 'effective'. But what exactly do these words mean, regardless of the context? The purpose of this chapter is to find out, from three different sources, whether there are definitive meanings behind these terms as applied to organizations. If there are, then in what ways should ODPs take these normative frameworks more seriously in our work, especially in health maintenance work as we engage in change work with organizations? OD's core work is to ensure the organization the consultants are working with and for is being developed constantly: after all, it is the development of organizations that is the main purpose of OD.

In this chapter, three sources of definition of organization health will be looked at. They will be compared and contrasted to see whether a valid set of indicators of organization health will emerge from them.

This chapter aims to cover the following:

1 See whether, in the process of describing a well-functioning organization, we can glean some useful indicators of organization health.

2 A literature review on the subject of organization health. I extract a range of definitions and indicators that exist in the literature to see whether, across the various writers, a consistent set of indicators on organization health emerges.

3 A review of the substantial research that McKinsey has undertaken on organization health. I compare the McKinsey data and the above two sources.

4 I will then look at the benefits of paying attention to organization health.

5 I discuss how organizations can be helped to build a habit of casting 'equal eyes' over both performance and organization health. I am particularly interested in sharing how to kick-start an organization's health-improvement process.

I apologize in advance if this chapter feels repetitive, because it keeps going back to the question 'what are the indicators of organization health?' Hence it will feel as if the subject is being talked about over and over again. I hope I can establish whether there are valid and robust similarities between the three sources. If there are, then we are closer to some normative way of looking at organization health, which will be a great gain.

What is an organization?

Once ODPs know how a healthy organization works, they will know what preventative measures have to be taken against ill-health, and what treatments have to be implemented to return an unhealthy situation to a normal one. Many writers have written about the definition of an organization, and they each have a different way to define what constitutes an organization. Over time discussion has led to a consensus that there are nine characteristics of an organization. It is hard to trace the origin of these nine characteristics, but they inform us of the structure and the 'physiology' (functioning) of the various parts of an organization. While this medical analogy does not fit exactly with the work of ODPs, it is useful because when we have a clear picture of what constitutes a healthy organization, it is easier for us to diagnose whether or not an organization is healthy.

The nine characteristics that describe organizations

An organization:

1 lives in a dynamic environment, which it needs to respond to and work in, in order to stay alive;

2 has an organization boundary that needs to be 'tight' enough to help the organization retain its identity and its system integrity. But it also needs to be 'loose' enough to allow external feedback to filter in to shape its purpose and continuous development;

3 has an intentional direction of travel (strategic direction and priorities) in order for it to remain relevant to the world it lives in;

4 puts out products and services that are deemed valuable in order to maintain its position in its world and marketplace;

5 has an enabling infrastructure – business processes, operational procedures, policies, etc, to enable all the 'throughput' processes to work together to support the construction of outputs from inputs;

6 has a belief system that helps the organization in the way business should be conducted, partnerships should be fostered, crises should be managed, how problems are solved and how to navigate in the outside world. Such beliefs often come from what worked in the past that has continuing relevance for the future;

7 is a 'living system' – staffed by vibrant, diverse, individuals whom the organization values and relies on to achieve its goals. The organization knows how to ensure there is sufficient freedom for people to innovate and succeed, and also just enough control to stay coherent;

8 is made up of many parts, with each part playing a crucial role to support the delivery of the organization's strategic purpose. It is the quality of the interfaces (relationship) between the various parts that will ensure the organization has sufficient coherence to carry out its purpose;

9 normally has someone in charge whose behaviour will determine whether the system will be able to navigate through turbulence and yet be strong enough to stand the test of time.

The above is a description of an organization, but it points to a possible 'normative description of a healthy organization'. By describing a 'normal' well-functioning body (versus a dysfunctional, sick body) we get a feel for what a healthy organization looks like:

1 is an open system;

2 has a semi-permeable boundary with the outside world and needs to get the balance of tight/loose right;

3 has a purpose and direction of travel;

4 its outputs are what the world wants;

5 'fit' enough infrastructure for the organization to be effective;

6 culture fit to support the organization's purpose;

7 human resources are valued, sufficient freedom is granted for individuals to act and 'just tight enough control' to give coherence;

8 its parts have a high quality of interaction with each other, which give rise to a coherent identity;

9 leadership behaviour is crucial to effective organization.

I will attempt to put the descriptive list above into a narrative format, which I hope will give us a tentative feel of a healthy organization. Later I will repeat the process as I refine the concept.

Narrative description of a healthy organization: Attempt 1

If an organization is a healthy one, it will live as an open system, getting the tight/loose boundary balance right: knowing what its identity is, knowing where its boundaries are, while welcoming regular input/output exchange with the outside world. It has a clear direction of travel and knows where it is going, taking the input from the outside world, ensuring its output to the world is relevant and valued. This is done by having fitting infrastructure, operational processes and culture. It values its diverse human resources and knows how to balance freedom and control to enable the people to give their best while respecting the need for coherency. The various parts of the organization have high-quality interaction with each other to allow collaborative and coherent effort to achieve its purposes, supported by appropriate leadership.

Have I seen any organizations that fit this narrative? The answer is yes, I have, and their organizational characteristics fit pretty close to these descriptions, even though most organizations are not like this. They are perhaps more common in the IT sector and retail industry. Nonetheless, it is good to know healthy organizations exist.

The above description of a healthy organization defines organization health as an 'end state' – a snapshot of where an organization should arrive and hopefully will remain. However, since each organization is an open system, it is always open to external influences: changes from outside will disrupt and throw it off its equilibrium, and hence the pursuit of equilibrium and a perfect end state can seldom be managed except by very deliberate and intentional maintenance work. So another way to look at organization health is not so much as a 'state of arrival', but a 'series of processes' by which the organization engages in continuous adaptation to maintain optimal function in a changing environment. Organization health, therefore, is both *a state to aim for* as well as a series of *adaptive processes*. Much of the confusion about the definition of organization health has arisen because of a failure to make this distinction.

Let us take a look now at the evolution of the literature on organization health.

The range of definitions and indicators that exist in the literature on organization health

Over 40 years ago, the concept of organization health first appeared in the literature when two academics – Herzberg and Bennis – questioned the way organization effectiveness was measured traditionally. Bennis (1962) judged that the way it was done

up to that point did not reflect a broader set of organization health concepts because in the beginning, the subject was dealt with mainly from psychological and social-psychological perspectives – equating organization health with individual staff health. After that, the focus moved to a supposed link between successful business performance and individual sense of well-being. During this period, academics from various disciplines started to take interest in the topic but their work was published under different headings: for example, organization performance, organization resilience, organization capability/capacity and individual sense of well-being. As the work continued to multiply, organization health became an integrated concept of all the other 'organizational' literature and began to have a more coherent framework.

During this period, there was another source of conceptual confusion that prevented us from embracing a coherent set of health indicators: different authors wrote about organization health at different levels in organizations. In this chapter, the level of health that I am interested in is at the organization level. Before we look at Figure 12.1 let's look quickly at the four levels of organization at which one can assess health. It will become clear that health means somewhat different things at different levels of organizations:

- **At the individual level –** health means to improve psychological health and motivation of employees; frequency and ease of feedback for professional growth, and to increase employee participation in various change programmes. Interventions to improve organization health at this level will aim to build strength, resourcefulness, resilience, emotional intelligence and confidence among the workforce on a personal level to enhance a more productive approach.

- **At the group level –** health is mainly referring to workplace civility in terms of relational decency, relational culture and relational readiness for positive interactions between different parts of the organization. At this level, the sign of a healthy organization is the ability of all the groups to work together to support colleagues, and to ensure that every team and group will offer (as well as receive) sufficient social support, so there is a collective ability to face complexities and challenges together. There are many other positive group behaviours that will help to build and preserve a collective sense of well-being.

- **At the organization level –**that the organization has the 'fit' culture to support strategy, making good use of people's skills and motivating them to execute the work needed to achieve strategic goals. There is a collective willingness to support the various parts of the organization to work well together in an optimal way. A healthy organization tends to have processes that are enablers and not blockers for effective core work to be done seamlessly. Being externally savvy, such an organization will be customer-centric and market savvy, and it is that orientation that will help to shape the organization to continuously improve its work.

- **At the inter-organization level** – a healthy organization is one whose boundaries are sufficiently 'permeable' to allow input and output take place effectively between the organization and its environment, eg partners, its users and other major stakeholders. At this level it is important to promote collaboration with other agencies to work towards common goals, perhaps global goals.

With clarity about system level, we can now look at those examples of the range of indicators of organization health from the literature review. The content of Figure.12.1 is of a descriptive nature, documenting the range of definitions of organization health from different researchers and writers.

FIGURE 12.1 The range of indicators of a healthy organization from the literature review

Bennis (1962)	1. Adaptability 2. Coherence of identity 3. Ability to perceive the work correctly
Gardner (1965)	4. Healthy organization must have an effective programme for recruitment and development of talent 5. Must be capable of continuous renewal and it must be a hospitable environment for the individual 6. Must have built-in provisions for self-criticism 7. Must have fluidity in its internal structure 8. Must have some means of combating the process by which men become prisoners of their own procedures
Schein (1965)	9. The ability to take in and communicate information reliably and validly 10. Have internal flexibility and creativity to make the changes that are demanded by the information obtained from outside (including structural flexibility) 11. Integration and commitment to the goals of the organization from which comes the willingness to change 12. An internal climate of support and freedom from threat 13. A clear identity 14. Has requisite variety 15. Has capacity to learn 16. Sufficient internal alignment among its sub-systems to function
Miles (1966)	17. Task accomplishment (have reasonably clear, accepted, achievable and appropriate goals that are relatively understood, good communication flow and, in terms of power use, there is optimal power equalization 18. Internal integration (there are good fits between resource utilization, individual role demands and personal disposition; a reasonable degree of cohesiveness and 'organization identity, high morals' 19. In the area of growth and active change, a healthy organization would be innovative, autonomous, adaptable and problem-solving

(continued)

FIGURE 12.1 (Continued)

Beckhard (1969)	20. The total organization, the significant sub-parts and individuals manage their work against goals and plans for achievement of these goals
	21. Form follows function
	22. Decisions are made by and near the sources of information regardless of where these sources are located in the organization
	23. The reward system will reward supervisors and managers for productive performance, growth and development of their subordinates, creating a viable working group
	24. Communication laterally and vertically is relatively undistorted; people are generally open and non-confrontational
	25. There is a minimum amount of inappropriate win–lose activities between individuals and groups
	26. Healthy organizations have high conflict (clash of ideas) about tasks and projects, and relatively low conflict over interpersonal difficulties
	27. The organization and its parts see themselves as interacting with each other and with a larger environment
	28. A healthy organization has a shared value and management strategy to support it
	29. The organization and its members operate in an 'action research' way
Herzberg (1974a)	30. There will be consistent Individual growth
Jamieson (2014)	31. An environmentally aligned purpose and direction
	32. Effective organizing and operating practices
	33. A humane system with productivity and well-being
	34. Sustainability levers in learning, changing and citizenship
	35. An effective guidance system in leadership and governance
Saunders and Barker (2001)	36. There will be clear vision, strategy and direction (based on 'what are we doing?')
	37. People (their capability) will have alignment and commitment based on understanding of 'who is doing what?'
	38. Healthy organizations will always have a set of enablers (processes, structure and systems relating to 'how are we organized to deliver?')
	39. Leadership – which holds the links of the other three things together
Kaetzler, Kordestani and MacLean (2019)	40. Selecting the right people (talent management)
	41. Maintaining a strong external focus – keying-in stakeholder communication – customer focus, business partnerships, capturing external ideas
	42. Running a tight ship internally (internal discipline); running a tight integration process – financial management, role clarity, performance transparency, consequence management

FIGURE 12.1 (Continued)

Bazigos, Gagnon and Schaninger (2016) Want us to look at a ladder of behaviour that will lead to organization health	Baseline behaviour includes: 43. Effectiveness at facilitating group collaboration 44. Demonstrating concern for people 45. Championing desired change 46. Offering critical perspectives 47. Making fact-based decisions 48. Solving problems effectively 49. Focus positively on recovery from failures 50. Keep group on tasks 51. Be fast and agile 52. Employ strong results orientation 53. Clarify objectives and consequences 54. Seek different perspectives 55. Motivate and bring out the best in others 56. Model organization value

Let us take the 56 indicators, group and sometimes split them (because certain indicators have different components in them) into clusters of similar items. I hope this will lead us to a more coherent definition of a healthy organization. See Figure 12.2.

Figure 12.2 shows a clearer picture of what a healthy organization may look like. There are 10 specific clusters and the overall story they tell is summarized below in a second narrative description of a healthy organization.

FIGURE 12.2 Summary of key indicators of organization health

Categories	Sample items within that category
1. Externally aware of the world outside, able to develop a clear sense of direction of travel and strategy	• It maintains a strong external focus • Has an environmentally aligned purpose and direction • It ensures clear vision, strategy and direction, and clear achievable goals are set, understood and accepted
2. Able to harness people to deliver its goals	• People within the organization will have alignment and commitment based on their understanding of 'who is doing what?' and 'what are we doing?' • People are willing to integrate and commit to the goals of the organization • Organizations develop clarity to help people to see its work correctly; the total organization, significant sub-parts and individuals all manage their work against goals and plans for achieving these goals

FIGURE 12.2 (Continued)

Categories	Sample items within that category
	• Integration and commitment to the goals of the organization, from which comes the willingness to change • Task accomplishment (have reasonable clear, accepted, achievable and appropriate goals that are relatively understood, with good communication flow) • The total organization, the significant sub-parts and individuals manage their work against goals and plans for achievement of these goals
3. A clear identity	• The organization has coherence of identity – clear identity • There is a reasonably good fit between various functions and parts • A reasonable degree of cohesiveness and organization identity • Its characteristic is strong internal integration • Coherence of identity • A reasonable degree of cohesiveness, organization identity and high morals
4. Possess enabling structure and operation processes to work as a whole	• The organization has a set of enablers, eg processes, structure and systems relating to 'how are we organized to deliver?' • The organization tends to run a tight ship internally (internal discipline), as well as running a tight integration process – financial soundness but with structural fluidity • Has internal flexibility and creativity to make the changes – structural flexibility • Form follows function • Effective organizing and operating practices • Decisions in the organization tend to be made by and near the sources of information regardless of where the sources are located • It has an effective guidance system in leadership and governance, and effective organizing and operating practices • Internal integration (there are good fits between resource utilization, individual role demands and personal disposition) • A human system with productivity and well-being
5. Systemic way of functioning and high quality of interaction between parts	• There is sufficient internal alignment among its sub-systems to function • Its parts interact well with each other and the wider environment • It is able to undertake continuous renewal • It has tight alignment and tight integration between different parts

(*continued*)

FIGURE 12.2 (Continued)

Categories	Sample items within that category
6. Has functional behaviour patterns among leaders to support the organization	• Have leaders who hold the links of purpose, process, structure and system together • Model organization value • Clarify objectives and consequences, employ strong results orientation • Keep group on task • Effective at facilitating group collaboration • Making fact-based decisions • Offering critical perspectives; championing desired changes • Solving problems effectively • Focus positively on recovery from failures • Show what fast and agile look like • Seek different perspectives • Motivate and bring out the best in others
7. Its cultural pattern is fit enough to support the function of the organization	• Organization is highly adaptable • There is a minimum amount of inappropriate win–lose politics between individuals and groups • There is high conflict over task and low conflict over interpersonal difficulties • Is not given to procedural rigidity • It has high changeability with clear accountability, fluid adaptation, problem-solving ability, innovativeness and autonomy • Strong power use and optimal power equalization • Members operate in an 'action research' way
8. People processes and attitudes to create conditions to support the staff	• Effective management is prevalent, putting emphasis on role clarity, performance transparency and consequence management • It provides a hospitable environment for its people • Supervisors and managers are rewarded for their support, there is an emphasis on growth and development of their staff • Characterized by a human system with productivity and well-being • Demonstrating concern for people • An internal climate of support and freedom from threat • Good programme for recruitment and talent management • Know-how to select the right people (talent management)
9. Communication processes	• Able to communicate information reliably and validly • Communication laterally and vertically is relatively undistorted • People are open and confronting • Keying-in stakeholder communication – customer focus, business partnerships, capturing external ideas

FIGURE 12.2 (Continued)

Categories	Sample items within that category
10. Learning and developmental culture	• Ability to grow, evolve and adapt; has capacity to learn
	• Able to continuously renew: have built-in provisions for self-criticism
	• Has capacity to learn
	• There will be consistent individual growth
	• Sustainability levers in learning, changing and developing
	• Self-critical and takes feedback seriously at both the individual and organization level
	• Sustainability levers in learning, changing and citizenship

Narrative description of a healthy organization: Attempt 2

A healthy organization is an externally savvy organization. It develops clear strategy and direction and is able to make its goals very clear so that people are able to align around a common vision and execute against that vision effectively. It can renew itself through innovation and creative thinking. It has a 'fit' enough structure and operational processes that are fluid, flexible, yet highly integrated, with a set of enablers to support the delivery of the purpose. The organization leaders and members understand the systemic nature of organization and maintain a high quality of interaction. The norm is effective communication – with minimal vertical or horizontal distortion, with people trusting the communication as reliable and valid. The organization has a positive attitude towards its human resources and is professional in handling its people processes. The cultural patterns in the organization are both positive and fit to support the organization's ambition. Leadership behaviour is focusing on 'holding' together various aspects of organization, eg structure, process and system, ensuring everyone understands the purpose and objectives of the organization, pushing for results yet good in knowing how to bring out the best in people, and there is an awareness about management practices that prevent work-related stress while simultaneously promoting organizational effectiveness. It is a learning organization – always ready to grow, evolve, adapt and continuously renew with self-criticism, able to give and receive feedback and consistently building levers to learn, change and develop.

Have I seen this type of organization before? Yes, but very few. It is expected that from the literature review we get a stricter definition of organization health, and hence, it makes sense that few organizations will excel in every way. I have seen those showing good progress in all 10 dimensions, as processes evolve towards the

end state. Nevertheless, I saw one particular organization that was definitely moving towards this narrative but a critical incident happened, which led to the departure of the CEO, and bang! – the movement towards the end state of health was stalled and it took the organization years to get back to where it was. Before I end this section, I will compare the nine characteristics of a healthy organization (pp 291–93) with the ten clusters from the literature review (Figure 12.2) to see what convergences there are in their definitions of a healthy organization.

FIGURE 12.3 Contrast of two organizational health lists

Ten clusters from the literature review	Nine characteristics of an organization
Externally aware of the world outside, able to develop a clear sense of direction of travel and strategy	• An open system • Has a purpose and direction of travel
Able to harness people to deliver its goals	• Its outputs are what the world wants
A clear identity	• Has a semi-permeable boundary with the outside world and needs to get the balance of tight/loose right
Possesses enabling structure and operation processes to work as a whole	• It has 'fit' enough infrastructure for the organization to be effective
Systemic way of functioning and high quality of interaction between parts	• Its parts have a high quality of interaction with each other
Has functional behaviour patterns among leaders to support the organization	• Leadership behaviour is crucial to effective organization
Its cultural pattern is fit enough to support the function of the organization	• It has culture fit to support the organization's purpose
People processes and attitudes to create conditions to support the staff	• Human resources are valued, sufficient freedom is granted for individuals to act and 'just tight enough control' to give coherency
Communication processes	
Learning and developmental culture	

So where are we now?

It is time now for us to compare these two sets of definitions with an important piece of big data work by the consultancy firm McKinsey, which can claim to have the only piece of big data research in the history of research into organization health.

McKinsey research on organization health

Back in 2003, McKinsey consultants had begun to take an interest in organization health and had designed an 'organization health index' to encourage leaders to take an interest in the internal state of health of the organizations they advised. They believe any leaders who are interested in performance must also pay equal attention to their organization's internal health, as it will impact performance. Their concern came in a timely fashion as there was a particular trend during that period when competition was so fierce, blue ocean strategy became red ocean strategy, and there was a greater and greater drive for performance, almost at any cost. The burn-out rate was high regardless of what employee engagement activities were taking place. This myopic view among leaders needed to be corrected. McKinsey's instrument has helped the situation a lot by introducing the OHI (Organization Health Index).

Between then and 2020, 17 years on, employees and managers from over 2,000 companies across over 100 countries have filled in the Organization Health Index as part of their health assessment process. As consulting teams from different regional offices around the world took part in using the health indexes with their clients, data began to be accumulated. By 2020 the database had over 1 billion data points, and from these data points, McKinsey had identified nine key organization dimensions or 'outcomes', together with 37 management practices, and four health recipes that drive organization health. McKinsey acquired data to track the organization health improvement progress by showing that when an organization did X, Y, Z, it would progress or not, and in which areas. In that sense, for the first time, there was causal data on what led to which aspect of health improvement. One of the powerful features of this research is that as part of the post-assessment arrangement, if an organization wants to embark on a health improvement journey, they can get further support from McKinsey to come up with a tailor-made health improvement programme with clear improvement indicators and criteria based on their health data and their future aspiration.

McKinsey has published extensively on their work in this area, hence my job in this section is not to give you a comprehensive review of what the work showed, but focus on describing just enough of its framework and data to enable you to get to the third source of data on organization health. I hope through this brief introduction to this work, your appetite will be whetted and you will engage in further reading in this area.

The nine dimensions that will drive organizational health

The McKinsey OHI has nine dimensions of organization health outcome (Figure 12.4), depicted graphically in Figure 12.5.

FIGURE 12.4 Explanation of the nine dimensions of organization health

Direction – there is strategic clarity; employee involvement; and shared vision. The organization has the ability to align around a clear vision and strategy, as well as a fit structure and culture.

Coordination and control (execution edge) – stress the importance of continuous improvement on the front line, creating conditions to raise quality and productivity constantly while eliminating waste and inefficiency – which means to share knowledge and to execute operations with excellence.

Accountability – role clarity, performance contracts, there are consequence management, personal ownership of roles and responsibilities to achieve what is expected in their roles.

External orientation – market and external focus (customers, competitors, partners, regulators and the community); knowing how to respond to the external trends, very externally savvy.

Leadership – developing and deploying strong leaders at all levels. Give talent management a key focus. Leaders take their responsibility seriously to set the tone, to role model and to encourage distributive leadership.

Innovation and learning – organization is into knowledge sharing, consistent employee involvement to drive bottom-up innovation and encourage creative and entrepreneurial behaviour to be the norm.

Capability – always striving for building a high-quality talent and knowledge base. Striving for increasing measure of knowledge and capability to do new work. Organization is into growth and continuous development.

Motivation – inspirational leaders demonstrating meaningful values, together with the right support by teams and line managers and good career opportunities, rewards and recognition.

Culture and climate – organization cares about creating the right culture to support performance so that people can give their best.

SOURCE © McKinsey

FIGURE 12.5 McKinsey's nine dimensions
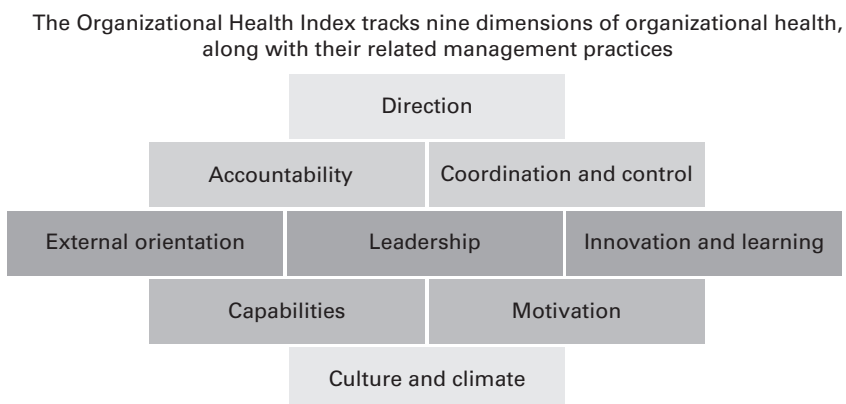
The Organizational Health Index tracks nine dimensions of organizational health, along with their related management practices

SOURCE Aaron De Smet, Bill Schaninger, Matthew Smith, 'The hidden value of organization health and how to capture it', McKinsey and Company, April 2004

Looking at the nine dimensions, and later the 37 managerial behaviours that supported the nine dimensions (Figure 12.6), we begin to see that the research data from McKinsey has similarities with the data from the literature review data. Here is my third attempt to turn the list of indicators to a narrative of organization health.

Narrative description of a healthy organization: Attempt 3

According to McKinsey research, a healthy organization is extremely externally oriented (savviness about what is happening externally). It knows having clear decisions about where to go is critical, and it also pays attention to the allocation of the work to ensure the purpose of the organization will be achieved. The allocation of work is accompanied by clear consequence management (in performance management), and the work is supported by well-coordinated and controlled infrastructure. In order for an organization to do well, the culture is fit enough to create the conditions to ensure there is sufficient motivation to work, and there are persistent efforts to grow the capability of the workforce while giving lots of freedom for continuous innovation. They know that the culture and climate within the organization must not get in the way of nimbleness, creativity and innovation. Finally, the healthy organization has facilitative leaders at the helm, using themselves to grow the rest of the management population to be 'containers', 'role models' and 'motivators' to support the organization to improve in those nine dimensions of health outcome.

What is important from their research is that a healthy organization needs to have sufficient leadership spread throughout the organization to drive the nine dimensions of the improvement outcome.

So have I seen any organizations looking like this? Yes, all with the nine dimensions, but some are stronger than others. The one area that is rare among all organizations is 'consequence management of performance' – such a relatively small aspect of organization life, yet it is often overlooked and by McKinsey standards it is actually a crucial aspect of organization health.

Let's take a look at two more aspects of this model before we do the final comparison of the three sources.

Note on McKinsey's 37 management behaviours

Figure 12.6 shows that McKinsey found there are 37 management practices/behaviours that support the nine dimensions, which are particularly important to drive the organization health outcomes.

FIGURE 12.6 Management practices and behaviour that drive the nine organizational outcomes

Nine organizational outcomes	Management practices that will drive the outcomes
External orientation	1. Capturing external ideas 2. Customer focus 3. Competitive insights 4. Business partnerships 5. Government/community relationship
Direction	6. Shared vision 7. Strategic clarity 8. Employee involvement
Leadership	9. Authoritative leadership 10. Consultative leadership 11. Supportive leadership 12. Challenging leadership
Culture and climate	13. Open and trusting 14. Internally competitive 15. Operationally disciplined 16. Creative and entrepreneurial
Accountability	17. Role clarity 18. Performance contracts 19. Consequences management 20. Personal ownership
Motivation	21. Exhibit meaningful values 22. Inspirational leaders 23. Career opportunities 24. Financial incentives 25. Rewards and recognition
Capability	26. Talent acquisition 27. Talent development 28. Process-based capabilities 29. Outsourced expertise
Innovation and learning	30. Top-down innovation 31. Bottom-up innovation 32. Knowledge sharing
Coordination and control	33. People performance review 34. Operational management 35. Financial management 36. Professional standards 37. Risk management

SOURCE Aaron De Smet, Bill Schaninger, Matthew Smith, 'The hidden value of organization health and how to capture it', McKinsey and Company, April 2004

There are many places to start improving organization health, according to McKinsey. One of the ways to do that is to compare these 37 management practices to the existing leadership or management competency your organization has, to see the similarities and gaps. To start improving organization health, strengthen those areas that are already in your competency list, and introduce those areas that currently are absent.

Note on McKinsey's four change recipes

Looking at the McKinsey data, most organizations will become overwhelmed by the sheer amount of work that needs to be done in order to transform their state of health. So McKinsey consultants came up with four particular health recipes for organizations to choose from. They believe it is wise to start off working on one or two, drawing from the momentum of the success of the initial recipes to enter into the others.

The four recipes are:

Organization health recipes	Focus of the recipe
Leadership factory	Developing and deploying strong leaders at all levels
Continuous improvement engine	Involving all employees in the drive for performance and innovation
Talent and knowledge core	Attracting and inspiring top talent
Market shapers	Shaping innovation via customers' insights and an external orientation

The four recipes are leadership factory, continuous improvement engine, talent and knowledge core, and market shapers. These four recipes have further pointed us to the primary variables in affecting organization health. If an organization is not externally aware and does not know what is going on in the outside world, that will affect the functioning of the organization and much of what it does will be without any bearing. If different levels of leaders who are all externally savvy each take up their role in leadership in the organization, the organization will find every bit of the system will have guardian angels watching it. After that, if the leaders focus on operational excellence, learning to lead and grow enabling procedures, they will also start improving the health of the system. Valuing talent will be important to ensure there will always be well-trained leaders for the organization. All those paths will eventually grow the organization to become and stay healthy. This aspect of the McKinsey publications is very interesting: an organization can get into the promotion

of OH by working on one recipe at a time, but if it is doing that, very soon, it will find itself touching almost every recipe.

As mentioned, my purpose in this section is not to give a detailed explanation of the McKinsey Organization Health set of frameworks but to compare and contrast the McKinsey research data with those from the ten clusters from the literature review and the nine characteristics that mark an organization. In Figure 12.7, we will do just that.

FIGURE 12.7 Comparison between the McKinsey nine dimensions, the ten clusters from the literature review and nine characteristics of an organization

Ten clusters from the literature review	Nine characteristics of an organization	McKinsey's nine dimensions
Externally aware of the world outside, able to develop a clear sense of direction of travel and strategy	An open system Has a purpose and direction of travel	**Direction** – strategic clarity; employee involvement; shared vision. The ability to align around a clear vision, strategy and culture **External orientation** – market and external focus (customers, competitors, partners, regulators, and the community); knowing how to respond to the external trends
Possess enabling structure and operation processes to work as a whole	It has 'fit' enough infrastructure for the organization to be effective	**Coordination and control** (execution edge) – stress the importance of continuous improvement on the front line, creating conditions to raise quality and productivity constantly while eliminating waste and inefficiency – which means to share knowledge and to execute operation with excellence
Able to harness people to deliver its goals	Its outputs are what the world wants	**Accountability** – role clarity, performance contracts, consequence management, personal ownership
A clear identity	Has a semi-permeable boundary with the outside world and needs to get the balance of tight/loose right	

FIGURE 12.7 (Continued)

Ten clusters from the literature review	Nine characteristics of an organization	McKinsey's nine dimensions
Have functional behaviour patterns among leaders to support the organization	Leadership behaviour is crucial to effective organization	**Leadership** – developing and deploying strong leaders at all levels. Give talent management a key focus. Leaders take their responsibility seriously to set the tone, to role model and to encourage distributive leadership **Innovation and learning** – into knowledge sharing, consistent employee involvement to drive bottom-up innovation and encourage creative and entrepreneurial behaviour to be the norm
People processes and attitudes to create conditions to support the staff	Human resources are valued, sufficient freedom is granted for individuals to act and 'just tight enough control' to give coherency	**Capability** – always striving for building a high-quality talent and knowledge base. Striving for increasing measure of knowledge and capability to do new work **Motivation** – inspirational leaders demonstrating meaningful values, together with the right support by teams and line managers and good career opportunities, rewards and recognition
Its cultural pattern is fit enough to support the function of the organization	It has culture fit to support the organization's purpose	**Culture and climate** – organization cares about creating the right culture to support performance so that people can give their best
Communication processes		
Learning and developmental culture		
Systemic way of functioning and high quality of interaction between parts	Its parts have a high quality of interaction with each other	

As we can see, there is a strong resemblance in our comparison between the nine characteristics of what constitute an organization, the ten clusters from the review of the literature in the last 40 years and the nine dimensions (indicators) of organization health from McKinsey's 17 years of big data on organization health. To summarize:

- There is substantial agreement on the indicators for organization health.
- There are important variables that leaders must pay attention to if they want to improve organization health and support performance.
- Building organization performance and health as an integrated goal and rigorously pursuing it will help organizations to stay effective.
- Keeping an equal eye on performance and health will have a great pay off.

As those who wrote about organization health pointed out, when one walks into an organization that is healthy, one can see these vital signs.

What are the benefits of paying attention to organization health?

The benefits of paying attention to organization health have been proven by the McKinsey data. After McKinsey cumulated sufficient data, they found that there was a performance differential between organizations in the top and bottom quartiles of the OHI (Organization Health Index). From their longitudinal research data, they found that:

- Healthy companies dramatically outperformed their peers. As they said, the proof is strong – as the top quartile of publicly traded companies in McKinsey's OHI delivered roughly *three* times higher returns to shareholders than the unhealthy ones.
- Those companies that were at the top quartile in the OHI tended to achieve the biggest financial rewards.

McKinsey's comparison of the 'before' and 'after' health improvement shows that when concrete efforts are invested in improving organization health, the reward is impressive:

- 80% of companies that took concrete actions on health improvement increased in their overall health by a median of six points within 6–12 months. These companies' TRS (total returns to shareholders) also increased by 18%.
- Companies whose health improvement efforts took them from the second quartile to the top quartile in the OHI recorded the biggest financial performance boost.

- The unfit units in the bottom quartile were the most likely to make the biggest health advances. After working on their health, companies in the bottom quartile saw an improvement by a median of six points in their overall health index. The majority of these companies moved up an entire quartile against all other companies in their database.

Such evidence of causality is normally difficult to find, because the sample sizes are generally too small. I am excited by the McKinsey data as many of us know experientially that improvements do often happen in organizations as the result of well-designed interventions on organization health. But since the size of our jobs is often small, and we also do not have the means of comparing data from many organizations, we are always unsure of the generality of our results. However, with McKinsey's sample size, one can begin to have some confidence in what the factors are that lead to organization health.

These are some of the key points that McKinsey makes from its study:

- Pay as much attention as possible to the internal organization health as the dividend payout from good health is substantial.

- There are indisputable benefits from leaders taking an interest in organization health: when organizations keep an equal eye on performance and health, they will double the probability of outperforming their competitors.

- Health, in short, isn't some survey artefact; it is something we can see and feel when we are inside a healthy company and a prerequisite for sustained performance.

- Do not over-focus on measuring progress against financial targets; instead, focus on organization health and behaviour as they will lead to performance improvement also.

How do you begin to build a practice of keeping an 'equal eye' on performance and health?

To kick-start and embed the process of improving organization health, an ODP uses the same approach as in any change. Depending on the starting point of your organization, you may need to unfreeze the system or go straight to movement stage change methodology. If the system needs to understand more about organization health, then it will need education and action research data gathering by the system members themselves, or you may need to solicit a commission from the senior leaders while engaging more leaders and staff to co-construct: a) what the areas are that the organization needs to improve in its health; b) how to do that as captured in an

organization health improvement plan; c) what criteria to use to track the success of the health improvement plans.

The three phases of introduction of organization health are not very different from some standard change principles, and that is right. However, one difference is that the health improvement agenda should be an organization-wide agenda where everyone, regardless of value and rank, gets involved. Everyone needs to encourage each other to be innovative in finding a surviving and thriving health mindset that has no end point – 'ever onward and upward'. Hence it is important for the transformation to be a persistent, ongoing effort to keep on getting better and better. For example, you will need to know what criteria you will be building as a supporting effort to secure a sustainable healthy organization. McKinsey's data (not exclusively) gave us the following tips:

- **Clear and strong leadership:** Organization health is a crucial agenda for the organization. It needs strong leadership and role modelling for change to take hold quickly.

- **Engagement at all levels is required:** Since sustainable ownership comes from people who need to implement the agenda understanding its importance and taking personal ownership to make it happen, health improvement needs to be driven *top to bottom*, *bottom to top*, and *side to side*.

- **Build local influencers to have high impact:** In distributing leadership, the organization needs to engage those whom we call zealots, influencers (regardless of label, they are well-liked people, team players, with a positive attitude, who have consistently good performance and preferably are corporate citizens) to take the lead to create 'oversized impact' in motivating others to come with them.

- **Balance between clear perimeter and local autonomy:** For any local group to be successful, they (the various local groups) need to be knitted together, have a say about how they will go about influencing and be able to feed back data to the top. Making specific requests for what the top needs to do to further the cause of organization health is everyone's business.

- **Fingers on the pulse – meaningful but simple ongoing measures:** In order for the new mindset to take hold, meaningful, accessible, fast turnaround measurement needs to be set up to ensure everyone can have their fingers on the pulse so that they can obtain real-time feedback on the impact of what they as local agents are doing. There should be core areas that everyone needs to measure, but there should also be items that are unique to the local area's health improvement plan.

- **Measurement needs to be integral to health and performance:** To track the progress of any health improvement plan meaningfully, the organization needs to track improvement in individual, team and organization performance simultaneously. It is the monitoring of both that will help us to know whether the endeavour has made progress.

- **Turn the results into the culture of your work unit:** As the organization improves its organization health index, further interventions should be made to ensure health becomes the organization's internal behavioural pattern. When various index outcomes become a default way of operating, then we know the culture of organization health has been embedded.

The three phases

PHASE I: UNFREEZING AND PREPARATION STAGE

Goal: To prepare the organization's leaders and other stakeholders to take interest in organization health.
Possible ways forward:

- Arrange to have a formal session during the executive team meeting or other leadership forums to start teaching the concept of organization health to whet their appetite to explore more. Ask if the members want to see some data on the current organization health. If they say yes, then:

- Collate all the measurement data (not just survey data) and feed that back to the various leadership groups. Also design the process that invites them to add their own data to that you have given them – using an action research approach – getting them involved in diagnosis, as well as discussing possible interventions they may want to explore to improve specific areas that matter to them.

- After you do this 'teaching/action research' intervention across ranks and functions, join the data together and give the big-picture 'health snapshot' to everyone so that people will be given another chance to participate – within their role – to support this 'organization health' improvement journey.

- When you have done that, go back to the top leaders and gain a clear commission (together with budget approval) for the type of organization health improvement programme of work the organization should put together.

PHASE II: BEGIN TO EMBED THE 'EQUAL EYE' APPROACH OF ORGANIZATION HEALTH INTO THE PLANNING AND PERFORMANCE REQUIREMENTS, AND LEADERSHIP DEVELOPMENT

Goal: to start embedding the organization health approach into different policies, practices, procedures and systems with the intention to turn it into a 'default' way of thinking and acting.
Possible ways forward:

Make organization health planning a twin track with strategic planning

- When the time comes, it will be good to embed the organization health planning into every strategic planning cycle, making the strategic plan and the OH plan a twin-track requirement for the organization.

Integrate organization health into performance requirements for leaders and leadership development curricula

- Start to build the requirement of paying equal attention to organization health behaviour and indicators into leadership's performance requirement, after a period of education, capability building and consultation, to ensure personal ownership.

- In all leadership development programmes, start to make organization health an integral part of forward-looking leadership. Helping leaders at all levels to consider themselves as architects, not passive bystanders, in building health as high performance comes out of healthy organizations.

- Embed organization health into induction, briefing, leadership and executive development programmes, and assign temporary health improvement projects to talent pools from the various leadership levels.

Build up relevant measures to track health improvement

- Set up relevant measures of organization health (once the organization agrees the health index it will use (eg the McKinsey OHI or a variation of it), which can be tracked and measured regularly.

- The measurement can be done annually, six-monthly, monthly or weekly, depending on how slow or fast the system is in taking on board the organization health agenda. The point is no matter which way the leaders and staff turn, they will either get to hear about or get involved in the measurement of organization health.

- For example, use simple tools (suggested by organization health advocates), such as putting out up to three questions a month to provide real-time measurement without creating survey fatigue. Or encourage supervisors, managers and leaders to have a huddle with teams regularly, asking for and offering instant feedback with follow-up action by all, not just by the boss.

- Most crucial in the measurement arena is to make health review and performance review as integral as possible, so that when one area needs to improve there will be a corresponding area to consider also.

Establishing the new mindset and tying it in with financial incentives or other rewards

- This approach to measurement (or keeping one's fingers on the pulse) is to ensure the new mindsets take hold within the organization. 'High performing organizations require leaders who can manage performance and health in concert' and 'leaders need to become "architects" of designing and executing ongoing organization health improvement'.

- If your organization is able to pay financial incentives and/or has other types of reward available, then do consider whether you can tie some sort of incentive to accomplishing health goals in the context of performance goals. This will hold your leaders accountable to take an active part in improving the health and performance simultaneously, as well as reward those members on temporary health improvement teams dedicated to embedding the right intervention and behaviours into the various parts of the organization.

PHASE III: FORMALIZING THE 'CONTENT' OF ORGANIZATION HEALTH AND INTEGRATING IT INTO THE SYSTEM'S POLICIES, PROCEDURES AND PRACTICES AS PART OF ITS NORMATIVE PRACTICE

Goal: Ensure the setting up of 'enabling health-building processes in the culture of the organization. Pay attention to the integral relationship between performance and health goals – as one area is attended to and fixed, track the implications on other areas.

Possible ways forward:

- After the initial consulting stage, you will be getting to know through the data what people within the system think valid health indicators to be. Some of the data points will fall away, because as this data is taken backward and forward to the various groups who give out the data, you will find which are the most agreed-on data points and which are the points that have not received any further support from people. You and a small team will then need to calibrate what the system reveals with the following:

  o existing survey data and other measurement data the organization has already;

  o the nine areas revealed from the literature search on organization health (pp 291–92);

  o the ten dimensions from the literature review (Figure 12.2) and the nine health outcomes from the McKinsey model (Figures 12.4 and 12.5), and whatever other references you may have found.

- If the comparison yields greater commonality (don't expect perfect agreement) then you can start by using the list as a 'proof of concept' experimentation stage to test the list of organization health 'content' that comes from action research within your organization. If the lists are very different, ask yourself: i) whether the use of words (and their connotations) are similar or different; ii) whether some items have not been put into the right categories; iii) whether there is a unique context the organization is in, and hence certain items are specific to the organization.

- Based on the above, with help from others you will form the health improvement plan, get approval from the decision makers and then begin to form a temporary 'health care team(s)' vs 'change team' with the support of HR and OD, to work down the organization improvement list, starting with those items that are not too difficult to do but would still give a new burst of energy to the organization.

- It is important to form committed local teams of people at all levels to get involved, giving them a lot of autonomy to do the health improvement steps, with access to support. Develop some fast feedback loops to show them how well they have done through their intervention. The fast feedback loops often will create greater energy.

- This may be the time to borrow the concept of the 'health recipe' from McKinsey to see how many of the recipes can be used to give the organization a head start. Or using a few of McKinsey's 37 management practices in a leadership development programme to introduce those management practices that will lead to increasing organization health.

- Whatever you do, it is important to remember two things: i) engage employees at all levels, even though giving equal eyes needs the momentum of senior leaders; and ii) move swiftly with an experimentation mentality, giving power to local health care agents to act with autonomy with the right priorities, with the purpose of making this new habit stick. This is what distributed leadership is all about.

What else you can do to improve the health of the organization

There are many ways you can bring about health improvement in the organization besides a formal health improvement programme. The main way is to use any change situation as a way to build organization health.

Whenever changes happen in an organization, the change process will always give rise to opportunities for the organization to improve certain dimensions of organization health. In fact, in OD we always say the change process needs to embody the end game. In this section, we will review how the OD change approaches will automatically incorporate many of McKinsey's nine dimensions of organization health as well as many of the 'organization health recipes'. For example:

BRING THE OUTSIDE WORLD IN

- Any major transformation change will have been originated by the pressure from outside. Therefore it is always necessary to involve staff to research the external reasons for change. By understanding the potential impact the context will have on the organization's functioning, the leaders and staff will, in partnership with each other, make meaning of the changes and assess what choices of action they have.

- By being savvy about external factors, the members of the organization will pull together information and knowledge on market conditions, customer insights, competitors, key trends in the external orientation, etc. This will inform possible action, exercise their personal ownership and make changes possible.

> **Results:** this will improve the external orientation and savviness among the system members, giving opportunities for them to test and use their capabilities to solve problems in a creative and innovative way, and to increase their motivation to take part in learning.

BUILD DISTRIBUTED LEADERSHIP IN LEADING THE CHANGE

OD believes that to secure sustainable change results, people from all levels should be engaged in making sense of the change and play a role in leading the change.

- Hence it is common practice that in the OD change approach, we engage people at all levels to make sense of the change by getting involved in identifying the vision of change and how to get there from where they stand.

- We encourage the system to involve people to collect data, organize the data, interpret the data, and to choose and design the types of interventions that need to be done to achieve a shared vision of what needs to be done.

- Enlarge the engagement level during change implementation so everyone can own their part in the improvement journey.

> **Results:** this will increase the distributed leadership in the process by asking people to use their capabilities and motivation to hold themselves accountable to support the organization to make change happen. In the process of doing this, they also deploy and develop the talent pipelines to ensure this group of future leaders are being trained and tested in a strategic way.

INCREASE COORDINATION AND CONTROL WITHIN A SYSTEM PERSPECTIVE

As systemic thinkers and practitioners, OD change practitioners encourage any system to increase the mutual interdependence of members, practising systemic coordination during change processes.

- In paying attention to changes in one part, also consider the impact their action will have on other parts. Excellent execution of any process requires a joined-up approach, through cross-boundary working, to make continuous improvement in productivity and efficiency.

- By encouraging knowledge sharing, we encourage 'bottom-up' innovation and creative entrepreneurial behaviour.

- Change processes also provide a catalyst for staff to bring continuous improvement to the forefront. By giving a voice to the front-line staff, many of the issues that they are in a position to deal with – eg eliminating waste and inefficiency – will be owned and get dealt with by them.

Results: During change, the system can increase organization health by knitting together different groups – and their diverse thinking – to collaborate to tackle system-wide issues. It is also a good time to eliminate the waste that comes from 'solo' thinking and behaving. This way, it is a good opportunity to improve coordination and control to increase the execution edge of the system.

MOTIVATION FROM THE LEADERS

In the OD literature on change, nothing works effectively and efficiently in change without inspirational leaders – willing to lead from the front, willing to go through personal transformation themselves, so as to role-model how their ownership has led to the translation into desired personal behaviour. By having leaders who set the tone of the change momentum, sustainable change momentum will be the natural consequence.

- Hence in any change, ODPs need to design gentle interventions to help facilitate leaders' ownership of the dual goals of performance and internal health. Once they own the change, they then will support others to identify what needs to change and what criteria the organization should use to track the improvement plan.

- You need to create inspirational leaders at every level, who will demonstrate meaningful values as they lead on developing and upping the organization health index. Distributed leadership at every level will be important. HR and OD may need to design the core process so that at every level people know how to lead, demonstrate and motivate others to take organization health seriously.

- You need to set up temporary leadership groups to investigate, validate and set up enabling processes as well as 'fit' cultural patterns to support performance to enable people to give their best.

> **Results:** Through change, we build up the leadership calibre and increase the collective change literacy among the various levels of leaders to increase their 'changeability' to oversee continuous changes – predictable or unpredictable – in the future.

Summary

This is a risky chapter to write, as just to mention there is a prototype of organization health, or highlighting the McKinsey Consultancy effort, or overly drawing unproven conceptual work from a wide range of writers, will lead some people to dismiss this chapter. However, I regard the risk as worth taking because if we are not clear about what a healthy organization is, we will find our work rudderless. Many of us, especially if we have been in this trade for a couple of decades, have our working theory that there are healthy organizations who are also strongly performing organizations. We know many of them share the characteristics from the three lists I have presented and cross-validated. As imperfect as it is, I have shown three sets of material to help you, the reader, to chew on the similarities between the three lists. Please be assured that I am not trying to sell you an invalid list of organization health, I am sharing a list that emerges both from literature search as well as from the research data from McKinsey. Chew on it, make observations and continue to build this working theory of organization health as you and I do our work. Healthy organizations are much needed, now more than ever. Let's work together to help more organizations get there.

13

How to build up your presence and impact on organization life

Since the second edition of our book six years ago, a lot has changed in the global, regional and national environment that impacts significantly the way work is organized, even before the pandemic in 2020. Organizations from all sectors face an increasingly unpredictable, unknowable and turbulent environment, which places relentless demands on organizations. Even with shrinking resources, many organizations still drive their people to maintain the same if not a higher level of productivity. The impact of the pandemic caused the seams of organizations to come apart in many places, especially when people's capacity was deployed in a 'maxed-out' fashion. The digital and virtual working style and environmental challenges have left no one untouched, and often people at all levels of the organization ask 'how long can we go on like this? Is it possible to have some sort of healthy alternative?'

At the same time, there have also been many exciting developments that are encouraging to witness. As more people are searching for meaning, new business models are emerging from the attempt to manage the value-driven and finance-driven polarities. Younger entrepreneurs are joining the power elite in the corporate world, questioning some of the key assumptions about how businesses should be run and how organizations should operate, often pushing ahead with experimenting with new ways of linking work to wider social and environmental issues. There is a growing group of leaders from the business community looking for innovative ways to build a sustainable, socially responsible form of capitalism, who have allied with those working in the third sector and together they are calling for ethical and transparent methods of conducting business. On top of that, the younger generation have either chosen to stay on the fringes of the work world, or demand a different type of work–life balance when they choose to enter it – not due to the requirements of family, but to their desire to have a life outside of work to express their values and/ or other personal interests. All of these factors pose direct challenges to the old way of running and operating organizations and throw organizations from all corners of the earth into an unforeseen scenario, which is simultaneously exciting and scary.

Agility, engagement, changeability, shifts in workforce planning and deployment, knowledge management, how to engage remote knowledge workers, and facilitating behavioural and cultural change become key areas of inquiry for both leaders and practitioners. So who will be qualified to accompany leaders and organizations in this journey forward? It will be those who understand applied behavioural science and the theoretical underpinnings behind organizing principles, those who will continuously adapt and give birth to more dynamic, creative and innovative processes that help organizations function better.

To end the OD section of the book, I want to encourage the ODP to pay special attention to two areas: 1) to work hard to expand your presence and impact in organizations; and 2) to build up an internal OD function to serve the organization.

Let me start with how you can hold your place in organization life.

How to expand your presence and impact on the organization

There are many ways for us to maintain our presence and impact on the organiza-tion and the leaders we serve. The following essentials will aid and ground us in our work:

- Become **a trusted adviser and helper to leaders**. We need to expand our ability to build constructive relationships with people and trust with members of the wider system. Support the leaders rather than judge them, use covert ways to help them to pay attention to both task and people issues. Remember they are also operating in the 'unknowable' space. Become their confidence booster and supporter as you explore the 'hows' in navigating a 'brand new' territory.

- **Keep your passion alive for building healthy and effective organizations.** This is a difficult time when everyone is highly anxious and no one has a formula to fall back on, so ODPs need to do their best not to be reactive and not to let self-preservation take over. It is important for you not to become cynical about people and organizations, no matter how challenging work situations become. Once cynical attitudes creep in, you soon lose your ability to help. Remember, healthy individuals can help to build healthy organizations regardless of circumstances and vice versa.

- **Keep your transformational learning attitude alive** with each client and yourself. Each work situation teaches you something about yourself – through feedback. As you do OD work, you need to continue to do your **life** work. This is a fertile time for you to keep learning as the world shifts unexpectedly at faster and faster speeds.

- **Keep to the core of OD.** From decades of research, the trademarks for a sustainable, high-performing organization are still: high trust, strong community, honouring

human nature (Weisbord's definition – dignity, meaning and community) and value alignment between organization and staff. You are there to convey such values through your interface with clients and the work you design to do with them. Sticking to those core principles of OD is crucial because they are timeless.

- Increase your impact in your service to your client by **becoming a 'highly desirable commodity'.** By that I mean you will become a precious service provider to people at all levels of the organization, as you find ways to help them to become more effective and successful. It is the growth of their ability, not only to undergo change but also to know how to renew and sustain their journey, that will help them to see you as a highly desirable resource to them.

- **Treat relationships as your top work** – because you need to earn your right to help. You are there to demonstrate what is missing in the organization, especially when the organization is broken and fractured, hence you will need, through your relationship with the client group, to demonstrate how to build collaboration and assume goodwill. During highly uncertain times, relationships of trust will become strong containers for people to find motivation to keep going forward.

- **Build a community and contribute**. In Sibbet's words (2003), nature's way of seeding, mitosis, producing goods, etc, can be adopted to secure the future of OD. You need to share knowledge, publish, create and share tools, take on apprentices, hold seminars, donate time and engage in reverse learning with colleagues around the world. Contribute to education, teach, support the growth of networks, etc.

- **Build strategic alliance with other functions** – you will continue to grow your network and partners to give more integrated support to the client system. For example, you will need to work with HR and strategic planning functions, building a tripartite approach to support the organization. Partnership with those who audit and evaluate organizations is also important as you need their help to build organization effectiveness and health indices into that auditing process. Other partners include those who have external-facing functions, eg to customers and clients, not to mention other enabling functions like IT, finance, procurement, health and safety, quality, etc.

- **Believe that you have the power to make a difference**. To share Margaret Mead's sentiment, 'never doubt that a small group of thoughtful, committed people can change the world, indeed, it's the only thing that ever has' © (used with permission). What you need is to keep your vision for your clients, and hone your skills to collectively make a difference.

- Do not forget the importance of working with the **middle** (Weisbord, 2004: 470).

It is important to remember that your power and influence will never be granted to you by others; whatever power and respect you have needs to be earned. It is important for the OD community to work hard to earn that reputation.

How to build up an internal OD function in the organization

From having worked with close to 400 organizations over my working life, I have seen the real contribution an internal OD function can offer to the organizations. Not only can the ODP be the confidant to senior leaders, they are the one who can put theory in action to run intervention, to support change and to work in collaboration with other functions to initiate major change projects. Because of their deep knowledge of the organization, their contextual knowledge can help them to see the systemic link within each of the jobs.

Just like the strategists being the right hand to the senior management, ODPs are the left hand – supporting the organization to ensure there is a corresponding OD plan to support the strategic ambition, as having a strategic plan alone will not guarantee such ambitions will be met. One of the key roles of OD is to help organizations to ensure there is sufficient internal capability and capacity to deliver the desired strategic priorities. Such internal alignment is important work to be done if the strategic ambition is to have a higher chance of success.

Recently, two global organizations came and asked whether I could help them in justifying the setting up of an internal OD function. Underlying both situations lay an interest in what value an OD function could give to an organization, especially from the economic as well as the capability/culture perspective.

Let's go through each of these perspectives.

The economic perspective

The key questions under this perspective are:

1 Why do we need an OD function?
2 How much will it cost us?
3 Will not having an internal OD unit cost us more?

The first question has been answered in many ways already, so let's look at the last two questions. To answer them, we should look at the estimated return on investment of having an OD function. This is not difficult to determine because most likely the ROI question has been asked of other corporate functions, such as finance, IT, PR, HR and marketing, etc. If the organization is task- and results-driven, it is likely that there is someone whom you can consult for support to calculate the ROI of the OD group. This way, you will do ROI in the corporate way.

Another way to look at the financial value is to look at it from the concept of 'negative cost ratio' (NCR) – the cost incurred for not having any form of OD support. The negative cost ratio turns the benefit question from, 'What value and benefit will we gain from having an OD function?' to 'What is the cost of not having an OD unit?' By asking what would happen to the organization's strategic ambitions

and what would happen to the people capability if they do not have an OD function to support them, the answer will become very obvious. There will be consequences when the organization's systems, culture and processes are out of alignment with the organization's strategic priorities. Or when teams are not being maintained, organization review is not being done regularly and there is no troubleshooting body that leaders can turn to, etc. These may be small OD maintenance jobs that need doing, but like cars, organizations need maintenance. If none of these tasks are being done, the organization health will definitely be compromised. Of course, the alternative is bringing in external consultants to do the various jobs but with a much higher cost than having internal support.

As mentioned before, the big question facing leaders when it comes to strategy implementation is who is currently supporting them to adjust the way the organization works internally when they shift the (external) strategy? I would guess that they will either name who they report to, or that it is the divisional head's responsibility. But most likely they would also say that they are using quite a lot of external support for different initiatives.

Using external consultants is not the main issue because given the strategic priorities of the organization, there will always be areas of growth or transformation for which the organization needs external support. However, the questions the organization's leaders need to ask themselves are:

- How much are we spending on external consultants because we do not have internal resources? What could we use that sum of money for?

- What do we get from this level of external support? What value do they add to the business?

- Is the type of support from external consultants crucial for our organization's well-being, and if so, should we have ongoing internal support?

- Is this a normal (annual) expenditure? Can we afford to keep paying out this amount? Should we use the amount to train up our own talent to do OD assignments as part of their development?

- Is it easy to find the suitable and competent consultants that understand our industry/sector/organization and are palatable to our senior leaders? If not, should we recruit and grow our own?

Depending on the answers to these questions, you can decide whether to go on to do the economic calculation for having an internal OD function or not. If you do, here is how I would do it.

Let's simulate some figures to do the calculation. For example, if the organization has seven divisions and each, in the past year, has engaged external consultants on average 50 days per year, then the total would be about 350 days (this may be a very conservative calculation). Given the average consultant's daily fees are roughly

£1,500–£2,500 ($2,000–$3,000), the sum will average between £525,000 and £875,000 ($700,000 and $1,050,000) before adding expenses to the total cost.

In addition to that, there is also the amount of time the organization's members need to spend in: setting up the tendering process; briefing the consultants prior to the bidding process; vetting the tender and selecting and assessing suppliers. That time and the consultants' time need to be paid for. Depending on whether the external consultants read the organization culture right or not, their interventions and support may or may not be as on target as required. So, a monetary figure should be assigned to that uncertainty.

For now, assume the organization needs to take the annual sum spent on external consultants and compare it with what it would cost to hire a team of, for example, three OD consultants who would work full time for the organization.

If three OD consultants are hired who have the skill set that the organization needs and they each deliver an average of 180 days a year for the organization (they need relationship-building time, design time, refuelling time), this will average 540 days a year – 190 days more than the 350 days estimated above, at similar or lower cost.

If you are part of an internal OD team, I would encourage you to add up all the intervention activities you have carried out in the past, calculating the financial value of these activities for the year. This will include the metrics data as well as adding how much it would have cost the organization if they had paid external consultants to do the jobs. Then subtract the employment cost of your team. This calculation will, in most circumstances, show that the cost benefit of having internal consultants outweighs the cost of relying on external consultants. However, being realistic, there will always be some senior leaders who would prefer to use external providers, particularly if the internal team do not have high status. Therefore, in your calculation, you should have a separate budget heading for hiring external consultants for that senior population. By acknowledging this, you will become the broker for the senior leaders and hence have some control over who the organization brings in.

Finally, most of the internal OD consultants do not just do 'consultancy' jobs. Depending on their job description, many of them will be expected to also have responsibility in some other areas, eg talent management and/or leadership development. Hence the value they will add to the organization will go beyond the above calculation.

Capability perspective

What else would the internal OD team contribute to the organization? I believe that while most organizations will have a team of strategists and market intelligence people to help the leaders to do the *external adaptation*, there are very few organizations that have people who are in charge of supporting the leaders to do the *internal*

adaptation – at least in a systematic way. If there are no specific individuals who are capable of managing the interface between these two issues of external adaptation and internal adaptation, there will be a long-term impact on the organizational health.

Ideally most leaders, regardless of rank, should have the capability to carry out these two aspects of organizational leadership – strategic formation and internal Organization Development. But where does one begin to build that capability? Here is where having an in-house OD function will help:

- Ask the in-house OD colleagues to build OD understanding into mainstream leadership education programmes.

- By being supported by various internal OD consultants, leaders begin to understand what it will take for the organization to stay healthy. In other words, they begin to know the 'workings' of the OD way.

- By having talent pools in the change team under the guidance of the internal OD consultants, they are being trained and mentored simultaneously. Later on, the talent pools can become a rising leadership cadre to support future change. This is another way to help internal change capability among the leadership population.

- Another benefit of having a capable internal team of OD consultants is that over time they will inject OD thinking and the OD approach into the leaders' behaviour, and hence into the organization's culture. That is the experience of a number of organizations when they have long-standing OD teams within the organization.

There is a marked difference between those leaders who come out from an organization that has over 20 years' experience in OD support and those who do not. The awareness of organization health, systemic alignment, the importance of a people-centric approach to change and the adjustment work needed to support change is much higher if leaders have the experience of working with OD teams.

The leaders of some companies (eg Johnson & Johnson) have become some of the most OD-savvy leaders through their regular work with OD practitioners in change projects. Many of them have benefited from having regular dialogue (informal coaching) with OD practitioners in addition to formal leadership development programmes on OD. Through the exposure, they develop sufficient understanding of systematic Organization Development and approaches to change that whenever there is a strategic change, they automatically ask for OD practitioners to help them align the rest of the system to support the external ambition. This aspect of having your own OD function gives much longer-term benefit to the organization.

I know that leaders should ultimately have the capability to manage this type of interface, but that takes time, and the system needs to experience how these interfaces are handled before they are motivated to learn and own that role. So while that

is happening, the baton falls into the hands of either senior HR managers who have been trained in OD and/or OD consultants or staff (whose role is to help line leaders to deliver the synchronization of strategy and internal alignment).

Start proving your worth now

The Organization Development team needs to start taking what they have been doing for the organization seriously. If the team starts writing up some of their bigger interventions, asking clients to evaluate the outcome and providing the evaluative data to the senior leaders, then the organization will become aware of the ROI of OD activities, and hence of the value of an internal OD team.

On top of that, OD practitioners must actively find opportunities to deliver short educational pieces to as many senior leaders as possible so that they will understand what OD is about, the role of OD, the purpose of OD and be aware of specific examples of what OD interventions can and have achieved for the organization. During the session, you can also give examples of good practice in what an OD unit has achieved for competitors compared to those who do not have an internal OD unit. This way, you are helping the leadership team to understand that OD is a legitimate area of work that supports the organization. Help them to see that OD is a twin to strategy – and therefore is necessary for the organization to achieve its strategic ambition. Without this sense of OD being a legitimate corporate unit, it will be hard to help the organization to embed OD approaches as part of the culture.

To conclude, no matter what perspective you have about the value of an internal OD team, I believe that by investing in an internal OD consultancy function, support will be made available to all the leaders when they go about implementing any strategic change. In that way, the organization will benefit from having leaders who know how to consistently develop and maintain the system. No matter what the future throws at the organization, they will have the adaptability to see them through. To get an organization to that stage is the responsibility of OD practitioners.

As I am a lifelong external OD consultant I hope you will see that I have no personal agenda in encouraging your organization to have an internal OD team. In fact, if all organizations had an internal OD team, there would be no need for external consultants like me. But I have seen the differences between those organizations that have had a long tradition of good internal OD support and those who have never had such support, in the quality of their mental models, their perspective, and their choice of action when it comes to the building up of longer-term sustainable performance and the health of the organization.

Summary

As I end Part One of this third edition, may I remind you that all of us need to be futurewise. The future of OD is in our hands as we learn to take care of the present. As Weisbord wisely wrote, 'The future never comes – today is the future you imagined yesterday. It is slipping into the past by the second'. Therefore I believe that, as a community of practitioners, the only way we can predict the future of OD is to build it on what still excites us, our values and what the world is calling us to do on a day-by-day basis. We must continue to take a proactive strategy to do just that.

Let us not lose confidence in what the field can bring to the world of work:

- Let's stay confident that OD is **the** principal discipline that deals specifically with organization health, effectiveness, change and transformation.
- OD practitioners have applied behavioural science research and literature at our disposal to equip us to help client organizations to improve, develop and undergo people-centric transformation.
- We are committed to building strategic alliances with other functions, which together will enable us to touch the life of organizations and have impact in every dimension.
- Our calling is to bring humanity back to the workplace, and in doing so, we help to build healthy organizations.

As I enter the last decade of my working life, I still want to be futurewise. May I ask you to join me in making OD a critical field of applied behavioural science that helps organizations, communities and society so that humans flourish.

Note: This chapter has been put together drawing on material from other chapters in the second edition.

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PART TWO

HR in relation to OD: theory and practice

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HR in relation to OD

In the first part of this book Mee-Yan has eloquently spelled out the essence of OD, and provided rich insights into OD theory and practice. One of the clear themes coming through is that while OD is a specific body of expertise, and that there are specialist OD roles, OD itself needs to be a shared effort between OD experts, as helpers, and other key players such as executives, line managers and HR. Therefore, whether you are an OD practitioner, executive, line manager, HR or learning and development (L&D) professional, these messages will have something relevant to say to you.

In this part of the book the focus shifts to what OD means in practice to those who are not OD specialists. As HR and L&D professionals will be only too aware, they are increasingly expected to take a lead or at least play an active part in organizational change initiatives. How well equipped they may feel to do this is another matter. And it is how HR professionals can either integrate OD as part of their work or recognize when they need to contract for OD work that these next few chapters address.

I shall therefore be focusing on some of the change themes on which senior HR professionals are increasingly expected to take a lead – such as organization design, organizational transformation and culture change, building organizational agility and resilience, enabling innovation, employee engagement and leadership. I shall illustrate some of these themes with examples of what HR professionals are actually doing to help their organizations successfully navigate across today's choppy waters. So whether you are an HR generalist or specialist, such as a learning and development practitioner, or a line manager/executive who wants to know how to build a sustainable successful organization, the chapters that follow should show how HR and OD can together produce some of the key outcomes that matter – ie resilient, flexible, agile and high-performing organizations full of motivated, innovative and high-performing employees and other workers.

In this chapter I shall look at:

1 Why is it important that HR 'gets' OD?

   2 How well equipped is HR to be change agent?

   3 A strategic agenda.

   4 How to get the 'licence to play'.

   5 How HR and OD can work together.

Why is it important that HR 'gets' OD?

A challenging context

In recent years the business landscape has had a radical shake-up as a result of the lasting legacy of the banking crisis and subsequent ongoing economic challenges. Megatrends such as climate change, protest movements, ethnic or religious conflict, political instability, mass economic migration, cyber threats, automation and more provide a turbulent backdrop made even more challenging by the coronavirus crisis. New 'rules of the game' are only just emerging but the 'great acceleration' (Bradley *et al*, 2020) of underlying change triggered by the virus crisis suggests that we may be at a pivot point between old and new ways of thinking about business, work, the workplace and workers.

Some things are already clear, however. Irrespective of today's economic and geopolitical turbulence, this is a period of global hyper-competition with disruptive innovation changing markets and consumer behaviour overnight and new competitors, ideas and categories of products emerging at a rapid pace.

Technology in particular is driving fundamental changes in every aspect of business at an ever-increasing pace. The so-called Fourth Industrial Revolution (4IR) is progressing through various stages of innovation. In the first cycle of innovation, the rapid spread of digital technology infrastructure and the evolution of business ecosystems significantly reduced barriers to entry and led to extreme forms of competition from agile, disruptive companies such as Uber and Deliveroo that challenged the power base of traditional, vertically oriented companies. Sectors such as high-street retailing and even previously very successful products and services are now under constant threat of obsolescence.

The second cycle of innovation is happening faster than the first. Disruptive innovators are revolutionizing the marketplace by altering and improving products and services in unexpected ways, producing digitally driven innovations that in the past existed only on the outer edges of the business stratosphere. The Internet of Things, driverless cars and renewable energy are just some of the features of the new industrial landscape.

Throughout much of the developed world, knowledge and service work is now a major driver of economic growth. While people are still the primary source of

production, technologies such as robotics, 3-D printing, blockchain, machine learning (ML), quantum computing and artificial intelligence (AI) are transforming work and bringing with them a new era of knowledge and parallel breakthroughs as well as making the work landscape uncertain for many. The speed of current breakthroughs has no historical precedent (Schwab, 2016).

Technology and globalization are transforming the ways in which businesses operate, with the emergence of multiple and more fluid forms of organization, more diverse workforces and ways of working. The ways organizations relate to their customers are changing too. Traditional business models and approaches to running business are being challenged and hierarchical management structures and styles are eroding. Change processes that are driven by connectivity are allowing people to interact with immediacy and ease. Moreover COVID-19 is fast-tracking digital transformation as more work is carried out online. In fact, in most organizations today the only constant is change.

At the same time, in a context of widening social inequalities, there are increasing calls for neo-liberal forms of capitalism – in which shareholder value is the ultimate goal – to be replaced by a form of capitalism that balances the needs of various stakeholders. The calls are getting louder for companies to adopt a multi-stakeholder approach that balances the needs of business with the sustainability of the planet; where both state and corporations must find synergy between the market and the social security and health needs of everyone. And clamour grows for a form of capitalism that is genuinely inclusive and that truly values all people by providing everyone with a living standard and the psychological safety needed for well-being, confidence and growth (Collington, 2020).

There are also growing demands for stronger regulation, better governance, greater transparency and fairness over executive pay, new forms of leadership and greater accountability. The challenge will be to balance risk management with a climate supportive of innovation. And many of the practices related to these demands fall directly or indirectly within HR's remit.

The HR challenge

So HR has the challenge of both improving current organizational practice and building the foundations for future business success. How well HR is able to do this will depend to a large extent on the capability of the function, how it is viewed by organizational members, and especially how senior stakeholders conceive of HR's role.

HR as a discipline emerged in the 1980s at another time of fast change following a period of significant industrial unrest in the UK and United States. In these countries many traditional industries had become uncompetitive as new competitor nations undercut their relatively high cost of production. New approaches to management were called for and legislation was introduced to limit the power of trade unions to hold employers to ransom over changes they wanted to make.

HR sprang from the ribs of new managerialism to represent the employers' interests in managing the increasingly individualized employment relationship with employees. As free-market globalization accelerated, new knowledge-based industries such as financial services were encouraged and aided by progressive deregulation. These environments were largely not unionized and in many sectors the collective employee voice disappeared altogether.

HR is based on unitarist assumptions, ie that employers hold the power in the employment relationship and that what is good for the business is good for the people and vice versa. While these assumptions largely held true in times of economic growth, their validity is more questionable in periods of rapid and seemingly unpredictable change. With the prospect of an ever more competitive and uncertain business landscape, economic instability and public sector cuts, the danger is that organizations will embark on a wave of macho downsizings and restructurings that will rip the guts out of organizations. If this were to happen, the hidden costs could become enormous: the human and business costs of stress and mental illness would need to be managed; the opportunity costs of loss of employee motivation, innovation and customer focus would be incalculable; and the contribution of business to the creation of a fairer society would be questionable.

Top management increasingly recognizes the importance of people and organizational issues. CEOs, finance directors and other business leaders know that things will have to change but are often at a loss as to how to go about making the changes. That's why they are crying out for HR, the professional function with overall responsibility for people management within organizations, to make a more effective contribution to managing change. In particular they want senior HR professionals' advice, expertise and practical help in change management, culture change, organization (re)design and employee engagement, all of which require at least an understanding of, if not deep expertise, in OD.

The need for 'change-ability'

We know that if organizations are to survive and thrive, they will need to be agile. Agility is about adapting quickly and effectively to the changing context, its challenges and opportunities. Agile organizations are 'change-able'; they can change continuously and effortlessly while improving performance and achieving breakthroughs because they have flexibility built into their organizational DNA. Change-able organizations have forward-looking management teams, swift and competent decision-making processes and a happy blend of innovation and risk management. They are also resilient, able to bounce back from failure having learnt what to do differently next time. They can reinvent parts of the organization, scale back others, develop new products and services to meet ever-changing customer needs.

In my view this change-ability, or adaptive capacity, is a central component of organizational effectiveness and developing it represents a vast OD challenge for organizations in every sector. Organizations need the 'right' people 'engaged' in the 'right' ways to deliver the 'right' products and services. But who are the 'right' people? While many low-skill jobs are increasingly being replaced by technology, in high-skill jobs talent is often a scarce resource and talent shortages in industries as diverse as civil engineering and pharmaceuticals risk undermining growth potential.

Yet as companies vie with each other to attract and retain the talent they need to drive business forward, they are finding that today's highly skilled knowledge workers are no passive 'resource'. People have learnt that organizations will not provide them with a career for life – nor do younger generations want this. They have absorbed the idea that with longer working lives in prospect they can anticipate a number of career moves, and even changes of career direction, during their working lifetime. So they want to take charge of their own career destinies and increasingly expect organizations to collaborate with them in pursuing their interests. They are certainly not likely to commit to an organization unless the 'deal' is right. Employers may therefore not be in the driving seat when it comes to being able to attract and retain key talent.

The challenges of managing change

Organizations must also manage continuous change. As we know from innumerable research projects, managing change can be difficult and as many as 70 per cent of conventional business-driven change efforts are reported to fail to achieve their intended outcomes.

Why is it that defeat so often seems to be seized from the jaws of success?

The main causes of change failure are typically found in how the change process itself is managed and its human consequences. Deep organizational changes have a profound impact on people within organizations and company reputations are most at risk around 'people issues' arising from change. More often than not, top-down business change processes can drain the very lifeblood from organizations, ie the commitment, discretionary effort and well-being of employees, on which sustainable performance depends. The 'survivors' of change are usually beset by the complexities of working life today – the fast pace of change, heavy workloads, ambiguities over resources and accountabilities, the common mismatch of employee and organizational needs – which prevent the positive change outcomes from becoming embedded. Even when the initial goals of change have been achieved, the opportunity to build on that success is usually missed as management attention moves elsewhere. In current circumstances, such wasteful change outcomes are intolerable.

Worse still, failed change efforts undermine change-ability. They leave behind scar tissue in the form of resentful, cynical and disengaged 'survivor' employees who no

longer trust the organization or its leaders and are unlikely to give of their best to the organization in future. The pursuit of the holy grail of 'employee engagement' by many HR teams in recent years is perhaps symptomatic of a misaligned employment relationship and employee alienation resulting from one-sided change experiences. Perhaps for these reasons, it seems genuinely difficult for many organizations to get onto the 'front foot' and proactively shape the context they are operating in.

This vicious cycle – the need for change, destructive change processes, loss of employee morale and performance leading to the need for more change – must be broken. Given the context, people are desperately needed who can change organizations to make them more effective and provide participants with a higher quality of experience. HR should be uniquely well placed to equip organizations and people for change. After all, HR has many tools to effect culture change, not least recruiting the 'right' people, developing managers, designing reward systems, etc. So this is a make or break period for the HR function – to genuinely add value, build future capabilities, or other alternatives that exist.

How well equipped is HR to be change agent?

But how well equipped is HR for this role in practice? Here's the rub; for years HR has been criticized for being too reactive and internally focused. It is especially in the areas of agility, change management, culture change and organization design that HR's value is most put to the test since many senior HR practitioners struggle due to:

- lack of HR capability;
- ineffective technology;
- managing the 'push' from the leadership team and the 'pull' from line managers;
- lack of ability to manage change within the HR function.

Dave Ulrich and colleagues (2017) conduct regular global surveys of HR competencies. They have seen a rise in the importance of HR technology and HR analytics but continue to find that HR specialists struggle with the Culture and Change Champion role, ie someone who can make change happen and manage organizational culture, even though this more than any other determines how credible HR practitioners are in other people's eyes. This is not surprising given that HR's role is evolving rapidly, and practitioners' previous career experience and professional development may not have equipped them for the task of leading change and building capability. Many of the real challenges of culture are to be found in the informal system, for instance in the nature of organizational politics, the way leaders operate and how power is used – not issues usually addressed in professional development.

And in certain organizational contexts, it must be recognized that managers really want just a basic personnel service – anything else would be a hard sell. Many stakeholders view HR as purely a control function and still expect HR to concentrate only on operational efficiency and continuous improvement – both in terms of providing the organization with key processes such as performance management systems, dealing with conflict, addressing issues of under-performance and also in terms of providing a competent and cost-effective HR operation.

Conventional wisdom suggests that all forms of management are concerned with three things: *keeping things going, putting things right* and *doing new things*. It might be argued that HR's role has classically focused on the first two but not so much the latter. Many successful HR leaders have built their credibility and reputations on being known for running a tight ship, being 'a safe pair of hands', ensuring that people are employed in line with legal and business requirements. Their confidence and ability to influence may be linked more to *putting things right*/sorting out problems for powerful players rather than challenging or breaking the mould, which may feel less legitimate and riskier. Yet if HR focuses only on operational effectiveness, the function then usually attracts criticism for being detached from the 'real world', for not doing enough to aid line managers with the daily challenge of people management, for being the function that says 'no', or puts bureaucratic hurdles in the way of the organization's ability to do new things. Breaking out of this vicious circle of perceptions can be a challenge.

The *'do new things'* HR contribution has tended to be restricted to experiments at local business partner level or to introducing a new policy, developing a new performance management framework or innovating within functional disciplines such as L&D where technology and new thinking are being applied to learning processes. In recent times HR has also focused its *'do new things'* energy on restructuring HR for greater effectiveness, often along the lines of the 'three-legged stool' structural model usually attributed to Ulrich, consisting of shared services, centres of excellence and business partnering united by a corporate centre. The intention is usually to ensure that HR's traditional 'levers' – such as management development, reward, performance management, career development and employee relations – can be used to help organizations achieve competitive advantage through people, at least in the short term.

Yet today's economic climate demands an even more strategic contribution from HR. So great are the organizational challenges and opportunities that the *do new things* focus becomes more important and must be integrated into business practice to be effective.

This strategic contribution must of course be built on foundations of reliable, high-quality HR operations. HR professional bodies such as the UK's Chartered Institute of Personnel and Development (CIPD) and Strategic HRM Society (SHRM) in the United States are keen for HR to be seen to step up to the mark and make a

positive difference to the future of their organizations. Interestingly a similar shift in emphasis is becoming apparent in the internal communications (IC) community where the value of business partnering is increasingly being questioned. The argument is that business partnering focuses practitioner effort on local and often short-term projects instead of furthering the organization's bigger goals, so in some contexts a remodelling of business partner services appears to be under way to offer more limited business partner support and focus resource instead on key business priorities.

Increasingly there are calls for greater structural clarity about how HR contributes to the business in large organizations. For instance, Newall and Lambert (in Jacobs, 2016) argue that HR administration should start to become multifunctional, while HR should focus on being much more effective on OD, performance, talent, change and so on. OD should be the key skill HR professionals have that distinguishes them from being a general businessperson.

Ram Charan, a management and leadership writer, goes further arguing that in the next stage of HR functional evolution the role of chief people officer should be eliminated. He proposes that the HR function should be split – into administration (HR-A) and leadership and organization (HR-LO). The former should report to the chief finance officer (who should see compensation and benefits as a talent magnet, not just a major cost) and the latter should report to the CEO and focus on improving people capability in the business. Charan argues that HR-LO should be led by high-potential talent from the line where 'one way or another, it will have to gain the business acumen needed to help organizations perform at their best' (Charan, 2014). There could be some merit in this argument, particularly in certain sectors, organization types and leadership context. Certainly the potential HR-LO contribution is what we are advocating here.

For HR professionals working in small- and medium-sized enterprises (SMEs), the OD and HR challenges may be different from those in a large organization. SMEs are the largest group of businesses within most economies with a vast number of organizations from many sectors. Many SMEs do not employ an HR specialist until there is a need to professionalize people practices as the business grows. The focus of an HR role will therefore differ between organizations according to workforce size, stage of growth, maturity, industry, the nature of job roles and the owner/founder's ambitions for the business.

What HR can deliver in SMEs may be constrained by what is expected of them by powerful stakeholders. Relations with the owner/leader is the biggest influence on their role and good-quality relationships with line managers are essential if people management practices are to be carried out in the way intended, and consistently across the organization.

On the other hand, working in an SME gives HR an unparalleled overview of how the whole business and its people work. Since SMEs typically have quick

decision times and entrepreneurial aspirations, HR can directly make a significant impact on the effectiveness of the organization as a whole through a holistic people and culture agenda. Setting clear expectations with line managers about how you best work together to deliver an integrated people management approach is key, with line managers owning the day-to-day people management and HR the policies, troubleshooting, guidance and development to get the best out of the workforce.

So what does *'doing new things'* look like for HR more generally?

A strategic agenda

Organizations that can thrive in today's fast-changing environment need the 'right' people, working in the 'right' ways, effectively and ethically managed and led. They will require people who can adapt, learn and perform in new ways and at speed, so recruitment and development are key processes. But even 'the right people' working in a toxic organizational culture are unlikely to succeed. So HR should plan for what's next by developing a vision for the future and use today's decisions to work towards tomorrow's aspirations. HR increasingly needs to use its levers to create cultures aligned to a shared purpose and conducive to high performance and employee engagement; to unblock barriers, shape new behaviours and reward desired practices such as knowledge creation and sharing, and ensure employee well-being. These strategic contributions require an OD mindset and the ability to proactively use HR's own 'tools' – such as developing employer brands, performance and reward systems, leadership development – to stimulate and systemically reinforce the desired direction of travel. In short, organizations need HR practitioners to be change agents, able to initiate and bring about the shifts their organizations need to make.

Current trends suggest that HR's role is expanding rapidly to address these challenges. Nowadays Ulrich argues that HR uniquely contributes talent, organization and leadership to all stakeholders. As the practitioner case studies over the next few chapters illustrate, HR practitioners can play many valuable parts to advance their organizations' interests. They can be effective organizational prospectors who scan and interpret this changing business landscape, anticipate future workforce needs, influence stakeholders and create employee value propositions that attract and retain skilled employees.

HR practitioners can be organizational architects: able to design agile structures, taking the lead in 'future-proofing' their organizations by developing flexible, self-renewing and enabling organization cultures, using HR levers to shift behaviours. HR can develop individual, team and organizational capability by designing processes to grow people's skills, supporting line managers to create conditions that stimulate people to release their discretionary effort. HR can facilitate collaboration and knowledge sharing, developing processes through which ideas can be translated into knowledge capital.

FIGURE 14.1   Sustainable high performance: an integrated approach

A more strategic contribution still is made when these levers are used to fulfil HR's purpose, which is to build sustainable high performance through people. 'Sustainable' implies longer-term, ethical and self-renewing; self-renewing involves holding the needs of business and of employees in balance. CIPD defines this as 'better work and working lives'. This means that HR has to make a shift – away from seeing itself as only a vehicle for pursuing business interests to ensuring that business success can also produce success for people.

   This twin focus may produce tensions and difficult-to-resolve ethical dilemmas for some practitioners. This requires the ability to navigate paradox, according to Ulrich. For instance, business-led change can trigger a threat response in employees; forcing people to re-apply for their jobs can make them feel anxious. Arguably a more humane and ultimately more effective approach is to gradually change work processes but stabilize people and roles. So should HR and management be challenging the need for top-down change and instead set the expectation of iteration, or continuous improvement, avoiding chronic reorganization wherever possible? At the end of the day HR professionals must know where they stand on such issues in their situation and be prepared to go for what they think is right.

   This more complex HR agenda derives from the fast-changing context, of which just some of the implications are summarized below.

CONTEXT DRIVER	WORKPLACE IMPLICATIONS	HR IMPLICATIONS
Turbulence and complexity	Need for 'new' leadership	Developing leadership and leader mindsets, new forms of succession planning
Ongoing change	Need for change-ability (agility and resilience)	Proactive, OD response to influencing culture
Globalization and technology	Flexibility of operations and workforce	Strategic workforce planning; design for agility; stress management; development; facilitating cross-boundary working
Global workforce and talent shortages	Global sourcing, diversity, multi-generational, motivation and engagement	*i*-deals and EVPs; raise standard of people management, careers, well-being etc
Hyper-connected: rising expectations – speed of response	Consumerization; internal communications, social media	Mobile HR; two-way communications, meaningful employer brand(s)
Knowledge as competitive edge	Need effective processes to support innovation and knowledge sharing	HR as innovation hub, sustainable engagement; jobs offering job security, challenge and autonomy; team working

The COVID-19 pandemic

In today's volatile economic context, this purposeful agenda becomes ever more urgent. The global COVID-19 pandemic of 2020 has presented countries, organizations and individuals with the greatest challenge in living memory, resulting in unprecedented changes in the ways businesses operate and the ways we lead our lives.

Many sectors have proved vulnerable to the effects of the virus on economic life and the closure of many businesses has resulted in widespread unemployment, despite unprecedented government support. As we head towards what could be one of the deepest recessions, its impact is likely to be felt for years to come.

This may prove a tipping point with respect to how people live their lives and also in what is expected of business and those in authority. Various pundits predict that we may be experiencing a shift towards stakeholder capitalism, reflecting debates about the purpose and responsibilities of organizations. During the pandemic, many companies have displayed a renewed sense of responsibility towards their communities and responded flexibly, for instance to the urgent need to find vaccines by collaborating with erstwhile competitors for the greater good.

Indeed, the scale and pace of innovation, especially digital innovation, has been one of the unexpected consequences of the pandemic. Changes that would previously have taken years have been delivered in weeks. Many companies have had to

delegate decision making to increase speed – resulting in increased empowerment for employees. The ability to respond quickly is likely to remain a key capability for the future and is being embedded in HR systems, development systems, manufacturing systems and customer-response systems.

Of necessity, ways of working in many organizations have been transformed. Workforces that were previously office based became home based virtually overnight. People appear to have rallied to a strong sense of common purpose, which has proved the mainspring of that flexibility. As work becomes more flexible, companies are putting in place technology systems and support to facilitate mobile or hybrid working and leaders are improving their ability to manage based on outcomes and objectives rather than physical presence.

The challenge now is to make sure such beneficial changes are sustained. For instance, the UK's National Health Service (NHS, 2020) recognizes that 'we need to hold on to this different way of doing things and strip away the unnecessary bureaucracy, reporting and regulation that for too long has stifled the service. We need everyone to embrace a culture that empowers local leaders and clinicians to lead, giving them the ability to make good decisions for the communities and partnerships they serve'.

Developing organizational agility and resilience is a critical capability that HR systems can influence because agile succeeds when people come before process.

HR's finest hour?

For many HR teams the pandemic was their finest hour. At the start of lockdowns they executed disaster plans, and swiftly and efficiently supported people to transfer their work to home, coached and guided executives in how to communicate with the remote workforce, managed the process of furloughing staff, ensured that employee assistance was available, and developed health, safety and well-being policies appropriate to the virus situation. In anticipation of return to the workplace they prepared plans for ensuring workplaces were COVID-secure, produced endless tools and guidance for use by managers and staff and took on the hard task of handling large-scale redundancies.

The pandemic was a difficult time for many people with multiple aspects of their well-being simultaneously challenged. This has pushed mental health up the HR agenda. As we emerge from this period HR will need to ensure that organizations contribute to improving employee well-being by ensuring:

- A clear understanding through standards that the physical safety of people is paramount.
- Psychological safety and personal value is a focus for every leader.
- An understanding of how the company will support financial security for its people at difficult times in the future.

(Collington, 2020)

Many HR teams have also recognized that to survive, businesses must adapt to the future of work, and build the capabilities required to innovate and move with speed and agility. After all, it could be argued that the pandemic and organizational responses to it have merely accelerated underlying trends that are now in sharp focus. Technological advances including automation and robotics have increasingly led to certain types of work being hollowed out or eliminated. Organizations increasingly collaborate across boundaries in pursuit of open-source innovation and geographic reach. Given vast competitive pressures, speed and flexibility, essential elements of organizational agility, are much sought after.

To prepare their organizations for the future of work and to thrive in this fundamentally changed context, HR must rethink, reimagine and reconsider how they deliver services, strengthen their organizations and foster talent through a forward-looking HR strategy.

This requires HR to adopt a strategic role, which includes staying aware of context trends and provoking new thinking. HR is also arguably in the best position to offer a systemic viewpoint since they have an overview of processes and can ensure coordination, communication and collaboration across units, functions, business groups and silos. HR can facilitate dialogues that help ensure the right amounts of reinvention of business goals to adapt to shifting customer demands and markets in response to the crisis created by COVID-19.

HR can develop people and culture strategies that act as the platform for a strong employment relationship. One effective way of doing this is to ensure that new policies and practices are crafted with rather than for employees. That was the approach taken by the HR team at the engineering firm SNC-Lavalin Atkins when they wanted to rethink some of the basics of the human resource policies and ensure they were fit for the future. So rather than do this for employees, the HR team engaged groups of employees in creating a blueprint for their future ways of working and, by doing so, created shared ownership and responsibility for the successful implementation of policies.

Culture is key

Given the requirement for ongoing innovation there is likely to be a growing focus on managing and deliberately shaping culture to create the conditions for expanded levels of creativity, exploration and problem solving. This will involve encouraging and reinforcing behaviours that demonstrate the values and norms you want to instil.

Working remotely makes it harder to do this, but all the more necessary. People don't trust what they don't understand – so clarity on culture and expectations is more important than usual. Because people aren't physically together, having a focused discussion about what you value, how things get done and what's acceptable or not acceptable is especially important.

Similarly, trust is dependent on perceptions of fairness. As various companies transition to a hybrid way of working, fairness is moving to the top of the agenda. Various polls suggest that many people are worried about how promotion decisions would be made for those working from home; others are concerned about how caring responsibilities would be factored into performance targets. This is important because feelings of unfairness negatively impact on employee trust and engagement. HR must also be prepared to challenge poor practice at every level in a constructive way.

Therefore, HR should lead discussions with executives on what the organization will require of its workforce going forward. Where and how will work be carried out and how will the nature of that work change? Will the model adopted be one of a primarily contingent workforce? What kinds of skills will be needed and how should people be led and managed? How can organizations support people working from home with respect to mental well-being? At the same time, HR must lead discussion and decision making on the ethical issues arising from the changing nature of employment. How inclusive is the organization to a diverse workforce? How can HR ensure that workers are fairly treated?

HR must ensure that policies are fair in terms of outcomes (eg are employees getting the right recognition relative to their performance?); procedures (eg the way in which the new performance and reward system was arrived at); and interactions with managers on issues such as performance and reward (do employees feel they are treated in a fair and just manner?).

Building 'new' leadership

With the world around us changing, the need for new kinds of leadership is more apparent than ever. Leaders matter to culture because people tend to draw conclusions about company culture based on leaders' position, behaviour and choices. Many of the recently reported shifts in leadership practice relate to emotional efficacy, with emotional intelligence increasingly recognized as a key trait of the most effective leaders in times of crisis. This is a set of emotional and social skills that guides decisions and behaviours, enabling individuals to adapt to different people, environments and challenges.

During the pandemic crisis, many leaders played an even more significant role in shaping employee perceptions and engagement since, with so much information coming from so many sources, employees looked to leaders to make sense of what was happening in the context of their particular company. This was the time when real company values were most visible in terms of leader actions.

The crisis brought home to many leaders the importance of communication and authenticity. Frequent, regular and 'human to human' Zoom conversations between leaders and their remote workforces became the norm. Many leaders stepped-up to be more compassionate, with many making business decisions based on the philosophy

of care. In addition, senior leaders are increasingly recognizing the value of employee well-being, as well as the benefits of a diverse workforce.

Managing the talent stream

The pandemic and subsequent economic turbulence has severely disrupted many businesses and created great uncertainty. Similarly, talent strategies have been destabilized and must be revisited to equip organizations for an agile future.

What seems clear is that the 'deal' between employer and employee is shifting. The impending recession means that budgets will be cut, affecting both job security and pay increases. At the same time, employees are able to work more flexibly and potentially have more autonomy about when and how they work.

Despite changing circumstances, HR must ensure a strong talent pipeline, setting clear expectations when people join an agile organization about the 'deal' on offer and about the ways of working that people might expect, explaining the ways agile groups embrace feedback, transparency, flexibility, and continuous improvement and learning.

HR must also ensure policies aren't getting in the way of talent flexibility. When roles flex within an agile team, HR can identify new ways of helping to rotate, develop and engage talent. Job descriptions and processes for shifting assignments must be general enough to ensure people can go where their skills are most valuable to serving the team and the customer. To encourage adult–adult employment relationships, HR should aim to give people more choice and control in their assignments, over their development path and even their hours of work.

While learning how to work in agile ways occurs organically as teams work together and learn together, it should also be supported systematically through programmes and processes. Development should be tailored to equip people with future work skills, including digital competence. HR and learning and development (L&D) specialists can provide robust approaches to onboarding, tools for continuous off-the-job and on-the-job development, and mentoring approaches.

HR must ensure that HR strategies actively address key organizational issues that may previously have been purely compliance-driven. Diversity and inclusion have risen up organizational agendas. COVID-19 has put employee mental and financial well-being centre-stage in every aspect of business planning. As the 'new normal' continues to evolve, diversity, inclusion and employee well-being strategies will need to keep pace.

After all, as Mercer (2020) suggest, post-pandemic, leaders are listening to their employees more than ever, and need to demonstrate empathy, inclusiveness and responsiveness on a daily basis. Leveraging the insights that emerge, it has never been more vital to weave together the technology and human agendas.

HR can support this effort by ensuring that learning from the period of crisis is not lost and can be the foundation for better ways of working and managing going forward.

Model the way

Beyond the obvious role of advocating for people, HR teams must also model the way by adopting agile principles themselves. HR leaders should set expectations for communication and response times and define clear roles for each member of the team during a crisis. Many organizations periodically run crisis scenarios to evaluate their readiness before a real event occurs. Finding ways to focus work, bring transparency to internal processes, obtain customer feedback more regularly and seek relentless improvement while co-creating with customers are just some examples.

In summary, HR needs to exercise leadership, stepping up to the plate to:

- create a people and organizational mission for the business, not an HR agenda;
- ensure the organization has the right talent in the right place at the right time;
- transform the business to ensure it meets its full potential;
- build cultures conducive to employee engagement and sustainable high performance.

HR has many ways in which it can deliver this agenda and here are some of the '*how*'s:

Fit for purpose HR

These various HR contributions must build on strong foundations of operational effectiveness, achieved by:

- upgrading the quality of HR team performance;
- developing a simple and effective customer-driven service;
- enabling line managers, eg by providing technology-based self-service for line managers, developing mobile HR;
- continually ensuring employment practice is compliant with legal requirements;
- balancing efficiency with effectiveness;
- managing risk and enabling innovation.

Enabling performance

- improving the quality of line management, developing line managers as coach;
- co-designing with managers and employees roles that are interesting, stretching and fulfilling, which have role autonomy and line of sight to organizational purpose;

- co-designing simple and fit-for-purpose performance management processes where feedback is continuous and helpful, and people themselves work together to set and reach ever-higher standards;

- encouraging, enabling and developing teams and team working.

Workforce planning and talent management

- strategic workforce planning;

- building a compelling employer brand to attract, develop and retain diverse talent, making the brand real through:
  - an inclusive work climate;
  - workforce development and career opportunities;
  - enhancing employee well-being and morale;
  - developing effective people managers.

The 'right' kinds of management and leadership

- acting as coach/counsel to senior management;

- securing and developing forward-looking future top talent;

- sourcing and developing global leaders;

- developing distributed leadership;

- improving the capability and practice of leaders; challenging poor leadership practice.

The 'right' organization design

- co-designing new organizational architectures, structures, decision-making processes, accountabilities, use of space, communications processes that enable speed, flexibility, customer focus, etc;

- aligning reward and other systems.

Managing transformational and culture change

- being at the heart of organizational change initiatives, managing downsizings, relocations;

- managing integrations; capitalizing on cultural differences in acquisitions;

- equipping leaders and line managers for their role in managing change;

- encouraging experimentation and learning from experience;

- improving communications and the quality of interactions;

- transparent decision making;

- constructive employee/industrial relations;

- developing future leaders and communities of leaders at all levels.

In short, HR can most powerfully support organizational agility by working to develop a culture of experimentation, learning, transparency and development – in other words, a culture that supports and prioritizes people, challenges people and holds people accountable.

Which of these activities require an OD frame?

It is tempting to say 'all'. Certainly the threads running through all these activities include change management, alignment, the development of organizational capability and cultures conducive to high performance – all of which require an OD orientation, ie a proactive, systemic, longer-term perspective. They all require that the needs of business and those of people be held in balance – and HR is better placed than most to know what these are at any point in time.

So it is important to carry out the HR 'day job' within an OD frame of understanding though HR practitioners do not have to be the real change experts. The danger of working on HR projects in isolation from the bigger picture is that they can wither on the vine. For instance, one L&D professional was asked to design a new performance management process. He carried out a competency analysis, created a new appraisal form with input from line managers, but failed to follow through to see how the process was working and what difference it was making. In practice the new scheme was poorly received, perceived as unhelpful and patchily used. It was only when he took an OD approach, working with senior management and other stakeholders (including employees) to identify what the scheme really needed to achieve, diagnosed some of the pressure points in the system and how these could be relieved, simplified the process and deliberately built-in support and feedback loops, that the whole organization started to realize the intended benefits of positive learning, individual and team recognition, and performance improvement.

What is evident in truly change-able organizations is that there is usually a powerful and effective partnership at work. This consists of strong line leadership (the real OD practitioners who influence the work context on a daily basis), OD and HR experts working together to achieve both the short-term requirements for aligning people and resources with business goals while also working towards the longer-term goal of building future organizational capability. In more complex change scenarios, HR should contract with OD specialists to manage the change process and work jointly to deliver the change outcomes. In all cases HR needs to work with senior management to help them become effective commissioners of OD, ensuring that business leaders also retain a strong commitment to the change effort once it is under way. Increasingly too it is important for HR and OD to develop close collaboration and integrated team working with other functional specialists – such as finance, internal communications, property management, IT – to enable grounded solution generation and achieve change faster.

Why is this partnership so effective? While conventional approaches to change are often unsuccessful, because they typically neglect the people aspects of change, an OD approach typically succeeds precisely because it takes employees' needs and personal reactions into account. And while HR practitioners may not be change experts their policies and practices are a key factor in building 'great places to work', which are both affordable to the business and attractive to the 'right' employees. HR's systems are a means of embedding new behaviours. HR and OD working together offers the prospect of a more impactful and mutually beneficial means of developing the organization, since both organizations and employees will gain from change. This mutuality of interest is at the root of sustainable high performance, HR's strategic mission.

That's why it is crucial that HR 'gets' OD, and why collaboration is needed between OD, the change specialists and HR, the expert function on the people aspects of organizations, to prepare organizations to survive and thrive through challenging times and come into the sunlit uplands well-equipped for future growth.

How can HR and OD work together?

In theory working together should be easy. For a start HR and OD have a number of things in common. In systems thinking terms, HR and OD working together can complement the work of the CEO – whose focus is typically on the system input, ie the changing market demands and other external environmental factors, and the output, or results. HR and OD work on the throughput – what happens within the organizational system; their focus is on how this can be improved to make sure that the output matches the input.

HR and OD are after similar ends and have different means of getting there. The disciplines of HRM, HRD and OD are all underpinned by a belief in the self-renewal ability of individuals and organizations. They are concerned with ensuring that the people side of the organization works, value lifelong learning, are engaged in performance improvement and aim to stimulate mindset shifts that enable cultural change. While OD is 'a long-range effort to improve an organization's problem-solving processes' (French and Bell, 1999), HRD's focus is on bringing about the possibility of individual and team performance improvement and/or personal growth. HRM's focus tends to be aligning HR practices and people processes to the requirements of the short-term and longer-term business agenda.

But there are real differences between the disciplines, which can produce tensions and misunderstandings.

VALUES
OD in particular has strong humanistic, democratic values and participative methodologies that ensure that people have a voice in the way change is handled. Change

is not something done 'to' people but done 'with' people. What OD does is provide 'a process (and its associated technology) directed at organizational improvement' (Margulies and Raia, 1984). In contrast, in the past the personnel function was often seen as 'the people champion', but somewhere along the HR functional transformation journey, HR's focus on people's well-being and employee relations took a back seat. Indeed in times of industrial strife or when downsizings are planned, HR is more firmly identified with business interests. Yet in today's more challenging employee relations environment, and with key talent shortages to address, HR needs to strike a better balance and regain its identity as 'people champion' alongside that of 'organizational champion'.

Moreover, HR's traditional responsibility for ensuring that people are employed in legally compliant ways is even more important in today's increasingly complex regulatory and legislative environment. Rather than running the risk of being seen as the 'business preventer' function that says 'no', HR must be seen as a 'business enabler,' aiding organizational agility and innovation by both keeping the organization legal and also ensuring that it can achieve what it needs to do legally.

CONTENT VERSUS PROCESS

The disciplines of OD and HR have followed somewhat different development paths. OD's specialist expertise is in process and the role of the OD specialist is that of change agent and catalyst, process expert and helper, applying their skills in real time to group- or business-level issues. The art of the OD specialist (what Mee-Yan calls 'magic') is the skill of using the right process to help clients to solve their own problems.

HR in contrast relies more on content expertise, often playing an advisory role, giving direct guidance on employee cases. HR gets credit for being directive – giving people the line to follow if they are to 'stay out of jail'. They are called upon to act as 'fixers' – to solve the difficult employee cases such as disciplinary and redundancy situations and to avoid damage to the company's reputation. They also act as advocates, for instance using feedback and other data to make the business case for new processes or to argue in favour of better practice. HR's functional development to date has favoured content expertise over process or behaviours, though new HR professional qualifications should address this gap. Consequently while some HR specialists may have considerable experience in change management, on the whole the function is often described as 'reactive' and poor at managing change. It is only over the last decade as some HR responsibility (and content) has been devolved back to line managers that the ability to handle the process of change has come to be seen as a key element of HR's more strategic contribution.

Stereotypically L&D professionals are between these two approaches – with a body of content or particular methodologies, and also 'up-front', catalysing and leading learning and training processes with individuals and groups. A growing

minority of L&D professionals now act as OD experts in many aspects of systemic change and are able to facilitate, for instance, large-scale employee involvement in strategic conversations.

Where OD sits though is perhaps a red herring – the key to success is the ability of these complementary functions to be able to collaborate over things that matter. Unless HR and OD are working closely together there is scope for suspicion and resentment. If HR and OD are working closely together, surfacing and resolving tensions, there is a strong possibility of mutual learning and the real embedding of positive change.

How to get the 'licence to play'

Of course, the role of change agent is not easy and many HR practitioners may say that the sort of approach we are advocating here will not work in their organizations – and they may of course be right. If yours is a context of entrenched power structures, low trust, rigid thinking at executive level and weak people management capability among line managers, then carrying on with 'business as usual' may be the wisest course. Similarly, if yours is a simple, slow-moving business with a successful track record, it may require nothing more than a good personnel service to 'keep things going'. On the other hand, if your organization needs to compete vigorously, if your product is the result of knowledge or service work, if you have talent shortages and if your business model is under pressure, then a more proactive and strategic HR approach may be needed to build your organization's capacity to survive and thrive.

So it's important to take stock of your organization's readiness for a new approach:

- Why does your organization exist?
- Who are its customers?
- What are the key environmental factors that are likely to affect your organization in the medium and long term?
- What are the key drivers for change coming from within the business and organization?
- How open are senior management to change?
- What are the key decisions that your organization faces currently?
- What culture do you need to accomplish your strategic goals?
- What aspects of organization and culture need to change?
- What do key stakeholders want from HR?
- How ready are they for a different kind of HR offering?

Then it is important to work out what you are ready for. Many HR professionals have built their credibility by being skilled at operational HR over the years. They may feel they lack the confidence to take on a change agent role or the know-how, for instance, to proactively build the case for change by using workforce analytics. If this is the case, as the old adage says: 'If you think you'll lose you're lost'. Kanter argues that people's perception of powerlessness can be more damaging in its effects on their behaviour than power since it drives defensiveness and closes down learning. She argues that staff professionals, who may find themselves easily replaced by outside experts, may resort to turf protection and information control, becoming conservative and resistant to change. Similarly, top executives, who may lack information about lower levels of organization or experience challenges to their legitimacy, may focus on short-term results, taking a top-down 'punishing' approach and surrounding themselves with like-minded subordinates.

Conversely, as Dan Ariely (2013) points out, the challenge of achieving something that is difficult can make us feel good. If you want to try to break through to a different level or type of contribution you may need to be prepared to rethink and redesign your own contribution to some extent. This may require adopting a different focus and building a new basis for credibility linked to your emerging role.

So it's important to ask yourself:

- What do you do that is valuable?
- What could you do that is more valuable?
- What's stopping you from achieving your potential?

When I was researching the nature of HR leadership a few years back (Holbeche, 2009) I interviewed a number of extremely effective leaders of HR functions, all of whom acted as leaders in the broadest sense and shared the following common characteristics:

- Sense of purpose – this underpinned all their actions and was clearly reflected in their language and priorities.
- Business focus – they all understood how their business worked and its context drivers. They were able to contribute to board and management meetings on all aspects of business, not just HR matters. They did not wait to be invited to participate.
- Able to construct effective functions – they all recognized that their own function had to be an exemplar of good practice, efficiency, excellent advice, etc since their own credibility depended on it. Consequently they recruited high-potential and high-performing staff into HR and spent a lot of time and effort training and developing their teams.

- Self-knowledge and emotional intelligence – they were able to use these forms of awareness to tune into their own and other people's motivations and know when and how to land key messages.

- Credible – they were respected not only for their 'business as usual' but also for the business-enhancing changes they had proactively initiated and delivered. They were good at anticipating, strategizing and making things happen – swiftly and well.

- Ability to influence – they had selective networks and used their influence to greatest effect with key stakeholders. Membership of the 'golden circle' ie a privileged and private network of the CEO, chief people officer and chief finance officer allowed the most senior HR professionals to be involved in key business decision making and to advise, coach and challenge other key business leaders on their practice.

- Performance drivers – they saw HR as a means of enabling high-performance working practices across the organization – and modelled these in HR itself.

- Courageous – they had a strong perspective on what needed to be done to improve their organizations, took judicious risks and usually had the evidence to back up their judgement.

- Resilient – they had often taken on major daunting new tasks with little chance for preparation but had learnt from both mistakes and successes.

- 'Nosy' – they were inverately curious about people and organizations, had amassed a raft of insights into what makes them tick but were always open to new thinking.

While none of these HR leaders would claim to be a paragon of virtue, there are perhaps some broader messages here for people on a personal or functional transformation journey.

So if you wish to adopt new approaches, it is useful to take stock of your own values and practices to determine the strengths you can build on and what might need to shift:

- What will need to become key priorities?

- How well equipped do you feel?

- What do you want to achieve?

- What are you currently known for? How will your reputation help or hinder you to move in the direction you are aiming for?

- What will you need to be good at?

In taking stock it's important to know what to preserve that is part of your core identity and what can be given up; and what you are willing to acquire that will help you to achieve critical priorities.

Actively learn

Learning agility is a key enabler of new forms of contribution (Miller, 2013). To increase your learning agility, borrow learning from personal-change programmes and act your way into a new way of thinking. Look and work beyond your own current boundaries:

- Examine your own assumptions about how things should work in organizations. Test whether your assumptions match those operating in your organization by entering into the organization's or groups' cultural lenses, learning to see the world through those lenses instead of imposing your own.

- 'Know your stuff.' When you don't know, ask for answers or further data. Questioning itself is part of the change intervention. Think carefully about which parts of your toolkit to bring to the party – in terms of change models, practices and know-how. Identify how the given end state could best be reached by various means. Be discerning in your analysis; constantly question yourself and your various clients about their analysis of the situation, culture, behaviours and change outcomes. Again, this is all part of the overall OD intervention.

- Develop your ability to work effectively with complexity. In HR you will have coached others to develop their confidence in handling, if not thriving in, ambiguity. Now apply that learning to yourself: building your own confidence is crucial to articulating and developing your personal strategic positioning. To improve your 'sense-making' skills, use scenarios to scan and build hypotheses and models about what is happening. Get your team to read broadly and explore new ideas together. Create and sustain an openness to change. Think about areas of greatest risk and exposure and develop plans to proactively manage each of them – focus on the higher-risk, under-managed relationships:

  o learn from reviewing what went well… and what didn't go so well;

  o allow time and space for learning and change to percolate and stick;

  o play the long game*.

* Incorporates some of Julia Tybura's advice to HR practitioners from the first edition.

Reflect on how you and your team have coped with what's been happening during the coronavirus crisis. How have you stayed connected with each other? What unexpected challenges have you personally experienced? What's shifted for you in terms of priorities and deal-breakers? What's been hard about maintaining or deepening the desired organizational culture during this time? What have you valued about this time that you want to build on for the future?

Building credibility

To build credibility as an internal change agent HR must maintain operational effectiveness while earning a new reputation based on doing new things well. HR professionals should model the way forward by preparing for change, keeping up to date, transforming their own delivery and developing their own capacity while continuing to deliver results that count. To be credible they must understand the business and its key drivers as well as the motivations of business partners. So HR must build commercial acumen, be numerate, avoid HR jargon, speak the language of business and be insightful about how to improve the effectiveness of business, culture and people. HR needs to demonstrate both a strategic and process orientation and apply new skills and approaches such as workforce planning and analytics, organization design and development, internal communications – with impact and agility. So it's important not only to get HR processes right – such as designing a good performance management system – but also to pull out meaningful organizational messages and insight from the data so that these can be acted upon.

However it is structured, HR should act as a high-calibre cohesive team, role-modelling good practice, getting the basics right, focusing on the short term with an eye to the long term, building a track record of high-quality delivery. An effective HR leader cross-trains and frequently moves people around to broaden their skill/knowledge base. If, like many HR functions, your team is overwhelmed by endless projects, acknowledge your responsibility to move things forward, be selective and focus on the big-ticket items where you want to make most difference. Recognize that some initiatives are for later; prioritize, communicate and manage expectations. Be clear about what you and the team can stop doing, what you need to start doing and what can be simply maintained.

Build your personal power and influence

In Chapter 11 Mee-Yan examined the nature and power of politics in organizations. As an HR practitioner it's important to personally position yourself strategically and support others in doing the same. Skills are only part of the picture. If your role involves trying to work constructively with people over whom you do not have formal authority, access to power can be vital. Mintzberg (1983) describes the prime bases of power as being in control of: 1) a resource; 2) a technical skill; 3) a body of knowledge, all of which must be critical to the organization, concentrated, irreplaceable and in short supply. In addition to formal power, another key source of power is personal, where credible individuals are granted access to power often through trading favours. This is about using and sharing your networks, ideas and practice, coaching individuals to 'see' their organization through different frames or lenses so they can work out how to position themselves effectively and positively in challenging times. In that sense, power is reciprocal and increases with being shared.

Greiner and Schein's (1988b) pluralistic/political model assumes that all expressions of power – downward, upward and lateral – are necessary to getting work done. Conversely Mintzberg argues that power alone is not enough to get things done; individuals must become active influencers who pick and choose their issues, concentrating their energy on those most important to them. They also need the support of powerful stakeholders whose tacit support they can bring to their work unit. Building political alliances through which power can be exercised therefore becomes crucial to getting the 'day job' done effectively.

To be really influential therefore an individual needs also to be able to deploy political skill to use their bases of power effectively; so increasingly political acumen (PQ) is considered a critical leadership requirement (Reffo and Wark, 2014). Political skills can be baffling to those who still think of organizations as well-oiled machines, when in practice they're really a series of conversations between clever people. It is important to focus intently on things you want to change and find ways to have different conversations.

So as an HR practitioner it's important to have confidence in yourself and fortify yourself by remembering that you have a number of forms of power and influence – not just your position power and role of trusted adviser but also your own personal power, your relationships and networks, specific forms of expertise and access to resources. Be bold, don't compromise on quality – take on challenges, use your judgement to take decisions quickly that align with the value set and help the business achieve.

Win support for change

In building any case for change it is useful to engage in strategic (enterprise-wide) risk assessment to determine the basis of your argument. Map the political terrain to determine/do the following:

- Who are your stakeholders and influencers? Who are the key influencers? How do they perceive you? How do they perceive these issues?

- Who are they connected with? How can your allies prepare the ground with decision makers?

- Assess the different attitudes to change manifested in the leadership team and their likely appetite for organizational transformation. Use one of the change resistance analysis models in your toolkit; think about who might be for, against or persuadable to support your recommendations.

- Work out how to handle those likely to resist or pay lip service.

- What will be their greatest concerns/motivations and how can your proposal help allay/match these?

In making the case for change:

- Be clear what the key problem is, what you are trying to achieve and how to make solutions sustainable over time. Some people will want data so put it in front of them – such as the business risks or opportunities the organization faces and the workforce costs and benefits of what you propose; use data analytics to help people see the issue for themselves.

- Others will want to know that the CEO is committed to change. With leaders use examples, stories, highlight quick wins, get them to focus on what needs to change, on their role in implementing the change and their own feelings about that – use your focus to get them to be very focused.

When I looked into the nature of constructive political skills (Holbeche, 2005) I interviewed many company directors and other managerial and professional staff who were deemed to be effective influencers. This study highlighted the importance of laying strong foundations of relationships, networks and alliances to build support rather than simply relying on powerful arguments to make the case for change. So it is important to keep your own networks and stakeholder relationships in good shape.

Implementing change

Assuming you get backing for change, where to start? It is often easiest to gain access to parts of the organization where a business leader is already 'up' for change. Pushing at an open door allows you to experiment and review pilot projects, adopting the kinds of agile approaches described in Chapter 17 where change is implemented in short iterations that can adapt to changing needs. Unlike conventional change approaches, client participation and review are continuous throughout so there are no nasty surprises at the end of a lengthy project if the client's needs have moved in the meantime.

Once change is under way HR must be able to quickly deploy and then redeploy resources, talent and skills as needed. So it's important to keep actively involved: find out what's happening and communicate with others. If you are a team leader, involve others in decisions at least about the 'how' if not the 'what' and the 'why' of change. To ensure flexibility of response learn to hedge bets and avoid over-commitment from the outset; form fast-response teams around key issues.

As you co-construct and deliver successfully you will effectively be building your referent power – creating what Kanter describes as 'cheerleaders' who will act as your advocates with other influential stakeholders even when you are not present. Working as part of an integrated team with clients and other specialists is the best way to ensure that change delivers the desired outcomes and more besides.

Performing under pressure

Bringing about change can be hard work so remember what happens to your personality and to others' when under stress (use psychometric tests, coaches, etc); think about what support you need and ask clearly for it. Manage your own energy levels and help others do the same. Observe how others are doing and be prepared to flex your style to provide what others need.

The volume of activity generated by change can make decision making very difficult. Keep control over your own destiny: take decisions faster – avoid procrastination by going for the 60:40 rule rather than 80:20. If delayed or distracted get back on track as soon as possible. Build resilience by learning how to deal with the consequences of failed plans – 'take the hit' and react appropriately. Minimize losses by avoiding escalation and learn from the process how to anticipate it better the next time. Measure, evaluate and embed positive practice. Reflect on, and celebrate, the progress and learning that you and others have made.

Above all, remember to use yourself as instrument. Envision and role-model the changes you want to see; build your repertoire of power and influence to create positive reverberations throughout the system. Act as a conduit for innovation by linking up people to others who are doing new things; provoke debate, change the conversation. Get a critical mass of carriers to adopt the new values. Become the positive virus – after all, viruses are essentially self-renewing and self-sustaining and through their essence change the nature of their 'host'.

Conclusion

This is why HR and OD need to work together. Neither discipline working independently is likely to produce optimal outcomes. OD's change purpose is to improve organizational effectiveness, to stimulate organizational renewal, to enhance organizational health for the long term. OD achieves this by working towards the longer term, seeing the organization as part of an open and ever-changing system, getting people directly involved in the process of change and helping people to help themselves. OD is about improving the system's ability to deliver its outcomes by focusing on the WHOLE SYSTEM.

As HR takes on an increasingly transformational role, the adoption of an OD perspective to HR work will enable HR professionals to:

- create and support strategies for organizational transformation, including the design and delivery of HR interventions in support of these;
- take a lead role in shaping organization design;
- support clients in major change and organization design projects;

- analyse and improve the overall health and well-being of individuals and the organization as a whole;
- use the 'HR levers' to address short-term business requirements and build capability for the future.

This practice shift will require HR practitioners to look closely at their own learning and practice – at how they deal with organizational and professional issues and also at their individual preferences and habits, including their level of comfort at dealing with ambiguity. For some people developing an OD mindset will be easy; for others this may be a bridge too far. The key then is for HR as a whole to take an OD approach, working with or alongside a specialist OD team.

In later chapters we shall look in more detail at what is involved in organization transformation and culture change, organizational agility and resilience, employee engagement and developing effective leadership. Above all we shall look at the importance of building a more mutual employment relationship with employees in Chapter 19. In the next chapter we shall look at what is involved in designing organizations.

15

Organization Design

Organization Design capability – knowing how to flexibly use design features to achieve desired outcomes – constitutes a significant competitive advantage in today's global business environment, according to Lawler and Mohrman (2003). Organizations are essentially collections of parts with endless points of discontinuity. Good designs build organizational capabilities, for instance to manage innovation, which equip organizations to compete successfully. Capabilities are the product of a combination of knowledge, routines and behaviour that are enabled by well-designed work processes, structures and lateral processes, management practices and systems, and rewards and people practices.

As organizations struggle to adapt to changes in the technological, economic, political and sociological environment, their strategies are often experimental, and they must continuously reconfigure their resources and flexibly alter their designs. As a result organization models are increasingly built around projects and networks. This messy organizational reality reflects the fact that change is the constant and that organizations must be smart, fast and flexible to win or sustain success. In other words, they must be 'built to change' (Lawler and Worley, 2006) or 'change-able' (Holbeche, 2005b). Moreover, according to Whittington and Mayer (2005), 'in a fast-changing world, *organizing capabilities* are a more enduring source of advantage than the characteristics of any particular organization structure'.

Increasingly senior HR professionals are expected to be advisers on organizational redesigns and restructuring, even if they may not themselves be experts in ODS processes. ODS has traditionally been the domain of executives working closely with external consultants. Consequently HR and many line managers may have only a fragmented view of what is involved in designing and building change-able organizations. Today's challenging environment is forcing executive teams to think more systemically about external and internal structuring, relationships and linkages, which both hold the organization together and connect it to necessary stakeholders.

Since the processes of change and reorganizing are likely to be ongoing, there will be real benefits in growing internal organizational design and development capability. Even the most talented employees are unlikely to thrive in a context in which structures, processes and management processes are dysfunctional, therefore HR practitioners really need to understand the implications of design for producing the best environments for people and for work. At the very least HR professionals (and executives who commission organizational redesigns) need to have a working understanding of the principles of ODS to ensure that there is a better chance that what they want to see happen, can happen. OD practitioners too will need to master both Organization Design and organizational development disciplines: to become architects as well as developers. After all, problems in group dynamics often arise because of design failures, which manifest themselves in poor interpersonal relations.

In this chapter consider:

1 What is Organization Design?

2 Challenges for the business and for HR.

3 The changing field of ODS.

4 The Star model™.

5 An HR/OD approach to designing organizations.

What is Organization Design (ODS)?

Designing organizations is 'the process of purposefully configuring elements of an organization to effectively and efficiently achieve its strategy and deliver intended business, customer and employee outcomes. The resulting configuration is the organization's design' (Mohrman, 2003).

The aim of (re)design efforts is to build the firm's value proposition and achieve the best organization of a company's people to deliver this. As a result, good organization design is assumed to be closely linked to the ability to create high profits per employee. It does this by enabling and optimizing the development and deployment of the organization's special capabilities to produce relevant responses to today's unstable, ambiguous environment. ODS focuses on the internal capabilities – the organization structures, talents, business models, management styles and other intangibles, which are essential for delivering a business strategy. Capabilities are composite bundles of competencies, skills and technologies rather than single discrete skills or particular jobs. They are 'the know-how that enables the organization to achieve its intended outcomes and implement its strategy' (what Lawler describes as a 'core competence').

What is the difference between Organization Development (ODV)
and Organization Design (ODS)?

ODS and ODV are entirely complementary and increasingly recognized as core capabilities required for the design and delivery of a really strategic organizational agenda. These two traditions are historically distinct but are strongly related. Organization Design is conventionally associated with the 'technical' top-down aspects of organizational structure and system change. Its fundamental premises are about economic rationalization. It involves making strategic choices, identifying intended benefits, designing structures, networks, processes and roles to align the organization around strategy and business imperatives. Typically ODS drives structural change and will impact on cultural change. The success factor of ODS is the extent to which organization-wide alignment is achieved.

As previously discussed, Organization Development is about building healthy and effective organizations. The success factor for ODV is the extent to which organizational effectiveness is achieved and sustained. It does this by improving the ways people work together and uses techniques based on behavioural science and process facilitation. ODV takes forward the organization design to implementation by delivering the internal changes required by the strategy. However, organization design is not always required to deliver cultural change as Galbraith (2005) points out:

> Any change in strategy – from global expansion to one-to-one marketing, a shift in how the business will compete, restructuring or an M&A – will require design interventions. But organizations initiating culture change do not need organizational design – that's an organizational development job.

The right blend of ODV, with its focus on group dynamics, and ODS, with its focus on congruence and alignment enables the deliberate building of high-performance environments and practices as a source of sustainable competitive advantage.

Challenges for the business

The real value of a redesign is whether it can be implemented in such a way as to produce the intended benefits. Typical challenges executives are grappling with as business conditions and strategy change include how to:

- devolve and customize control to the front line;
- improve cross-business-unit governance;
- better leverage knowledge and make better use of networks;
- increase speed and flexibility;
- achieve centralized control of key processes in a global organization;
- redesign performance management and financial control measures.

Yet such objectives may be hard to realize in practice as redesigning organizations can be fraught with difficulty. Organization design tends to be seen as a top-down, strategy-driven process that focuses on alignment for business performance and control. ODS itself has also become tainted in recent years by its association with expensive consultancy offerings and management fads such as business process reengineering, which have proved difficult to implement. Typical redesign emphases are on structures, processes and pay, all of which can be sensitive issues for the people involved and affect people's employment relationship. 'Lean' approaches have become synonymous with 'mean'. Consequently, the human implications of a new design are rarely thought through nor seen as a priority. Hardly surprising then if people are often unwilling to work within the new design and change efforts sometimes go backwards.

The theoretical ideal of alignment can be hard to achieve in practice. In many organizations, strategy lacks focus and outdated structures inhibit progress; resources are misaligned with strategy and priorities; coordination and customer interfaces are inefficient or ineffective; processes contradict how outputs need to be achieved while people and functions often work at cross-purposes. Conversely some organizations have pursued the holy grail of complete alignment to such an extent that they become too rigid to respond if conditions change. Rather than equipping organizations for change, many organization designs equip them for stability!

Structure change in particular is often done in patchwork fashion, leading to inconsistencies and duplication. A redesign may be driven by an incoming executive who feels the need to make his or her mark by changing the organization chart, when lower-level changes might have produced a better outcome. And poorly implemented designs can create chaos. Given that on average 50–60 per cent of costs in any organization are staff costs, this represents a significant waste of potential. As Gaius Petronius (1st Century AD) said, designing organizations is 'a wonderful method for creating the illusion of progress'.

In many cases, rather than redesigning organizations it is possible to make existing designs work better by improving group dynamics or information flows. In practice, many problems in alignment are being identified and worked on informally most of the time as teams address coordination issues, discover and implement better work practices, or find new and improved ways of organizing their resources.

Challenges for HR

Sometimes an organization redesign is necessary, because no matter how well-meaning people are, the organizational design gets in the way of good working

arrangements such as when manager/direct-report relations are sub-optimal because of poor design features such as:

- too many or not enough layers to add value;
- inability to have quality time and attention from managers;
- work assignments are unclear;
- too many priorities and slow decision making leading to problems escalating;
- base pay is inappropriate;
- excessive costs relative to competitors;
- loss of competitive advantage.

Many HR practitioners are involved in ODS to some extent at least, for instance when proactively redesigning a performance management or reward scheme to fit changing requirements. Some have been involved in design activities involving relocation and the use of physical space. However, HR usually only gets involved in large-scale restructuring once the decision has been taken at board level. Consequently a relatively small population of senior HR practitioners has been fully exposed to the process of redesigning an organization from decision making to implementation. With the growing expectation that HR will work alongside executives acting as adviser or enabler of the process of generating new designs, it makes perfect sense for HR to partner with Organization Design consultants and OD specialists.

Looking ahead, I believe that it is vital HR practitioners develop some organizational design understanding and/or capability if they are to help organizations achieve flexibility and sustainable high performance. Flexible organizations need flexible people. Human resource strategies develop both people and organizational capabilities. While some aspects of organizational design are technical and require specific forms of expertise, HR has many of the specialist design levers, such as reward, to produce new behaviours. Using these levers to achieve flexible alignment is the way to go. HR needs to support management teams and work as part of an integrated change team in creating new organization designs. They can provide content and process knowledge on change, learning, job and work design. They can work on systemic alignment and help the system balance learning and performing.

The changing field of ODS

The antecedents of contemporary Organization Design theory can trace their roots back to scientific management, the time and motion studies, and classical hierarchy studies of the 1920s and '30s. These ways of thinking about organizations reflected assumptions that organizations should operate as rationally designed and well-maintained 'machines' and tended to favour the technical aspects and largely ignore

the human element of organization. ODS came to the fore as a field in its own right in the 1960s and '70s when a number of publications on design and structure started to appear. Key thinkers on ODS include Lewin, Bennis and Daft with some of the best-known works including Galbraith's *Designing Complex Organizations* (1973) and his work on the 'Star Model' (see below), and *Matrix* by Davis and Lawrence (1977).

Organization Development (ODV) has influenced ODS through the concept of the socio-technical system, ie the interweaving of social and technical work system elements to produce a 'top-down' design of effective organization. ODV practitioners who have written about organization design, such as Nadler and Gerstein (1992), have also emphasized the crucial importance of systemic alignment between structure, people, work, technology and information. By the 1980s various analytical frameworks were developed – such as the 7-S framework by Pascale and Athos, Galbraith's Star Model, Weisbord's Six Box model, the Nadler and Tushman Congruence model and the Burke–Litwin model – which bridged the gap between ODS and ODV. All of these frameworks emphasize the importance of 'fit' or alignment between the environment and the organization as a human system. In other words, the successful organization design must both align structures with business models and their related systems and also take into account the human dynamics and cultural aspects of organization.

By the 1990s, as Marsh *et al* (2009) point out, a shift occurred away from traditional hierarchical structures and control cultures to more flexible, commitment-oriented organizations. Weisbord (1993), for instance, goes beyond alignment to consider the democratic value that drives restructuring – focusing on the autonomous work design process that is critical to producing a high-performance work unit. This has led to a range of new approaches not traditionally associated with ODV becoming the focus of attention – such as total quality management, employee empowerment and involvement, 'whole task' job divisions, network structures, the need to acquire and retain talent and to create a 'learning organization'.

In recent years the ODS field has come to be dominated by consultants who assist CEOs and HRDs with complex reorganizations, for instance during mergers and acquisitions, and with structure-related processes such as job evaluation. As a result, HR professionals may lack detailed know-how about the process of organizational redesign.

Moreover, HR, along with other support functions, has itself been subject to significant redesign in recent years in order to improve value and reduce cost. Transactional HR processes, for instance, are increasingly delivered through technology-enabled self-service, or through outsourced arrangements. The process of HR transformation has in some cases proved all-consuming and it illustrates the importance of interweaving ODS and ODV to produce good outcomes. As many HR teams have found, even with the best self-service IT-enabled tools available to help them, many line managers do not wish to take on devolved HR activities unless they have been given practical support to help them take ownership of the new arrangements.

The Star Model™

There are many organization design models and frameworks that can be used for data-gathering and analysis. Jay Galbraith's 'Star Model' remains one of the best-known and most influential organization design frameworks. The Star highlights the interconnections between strategy, structure, processes, people and the way people are rewarded. For example, in order to make a matrix work, good relations between departments are needed, planning processes are necessary to get aligned goals, the aligned goals must go into the reward system, and people who are matrix-savvy must be selected and developed.

a) Uses

Galbraith uses the Star Model for five main purposes:

1   to provide a total design view of the organization;
2   to clarify how its elements are viewed – strategy, structure, processes, people and reward;
3   to identify both the positives and negatives of the current design;
4   to assess the state of current alignment towards strategic focus;
5   to help managers sell the idea of strategic change and manage its implementation.

The 'Star Model' guides the diagnosis and design activities. It consists of a series of design policies that enable redesign of organizational technologies, processes and structures to meet changing strategic needs. These design policies are underpinned by the following assumptions:

- Form follows function – to fulfil an organization's strategic goals, structure and all elements of organization must support the strategy.
- Design for the nature of complexity – provides the rationale for layering and grouping work.
- Match and clarify accountabilities and authority – be thoughtful and explicit – delegate down to lowest level.
- Plan the manager–direct-report relationship – define and communicate it.
- Span of control – should be determined by work outputs and management requirements.

Lawler has added the dimension of organizational capabilities or 'core organizational competencies' and emphasizes that these elements collectively comprise an organization's distinctive identity. These develop over time and cannot be separated from other points of the Star – they are an integral part of the socio-technical system.

Since change must be ongoing, growth and agility will require flexibility in all elements of the Star.

Galbraith advised against diving into ODS. Instead, clarify purpose, expectations and roles and be realistic about what the redesign is likely to achieve, both advantages, difficulties and trade-offs required.

b) Design criteria

The real work is to answer the question: what are we trying to achieve with our design, driven by our strategy, to be successful in our environment?

- *What* areas will we need to keep, to consolidate and expand, in light of the environmental challenges?
- *What* areas need development?
- *What* will we need to lose?
- *What* data will confirm our own observation?
- *What* are the required areas of intervention?

However, rushing to answer such questions without asking: *what's important to us, what do we need to know, what criteria are we using?* is a mistake. In other words, it is vital to specify the criteria before beginning the design process as these will guide both the questions and the answers/solutions. Criteria relate to the potential performance improvement areas most strategically and tactically relevant to the organization's current state and business strategy. Examples of design criteria include:

- facilitate fast reaction to market changes;
- speed the creation of new products;
- enable alliances with other organizations;
- facilitate cost efficiencies;
- foster web service delivery;
- measurement – should guide and assess design.

Design features can then be selected to deliver against the criteria required for success. Design criteria can also be used to manage the trade-offs necessary when there are conflicting demands, or to assess the current design's effectiveness in comparison with other proposals.

c) Key elements of the Star Model

Galbraith (2005) suggests that once the strategic focus is clear you should first get the structure right, then work on roles, responsibilities and decisions in operations

and functions. Work systems design (in contrast to organizational design), is a second order focus 'from within' (the Star Model) and addresses how the activities of the organization can be configured to most effectively carry out the work processes required to deliver value to the customer.

STRATEGY

Strategy is the framework for all design decisions and a good design should ensure that 'person hours' are used for the maximum benefit of the organization. Different strategies lead to different structures. The Center for Effective Organizations argues that a robust strategy requires both a long-term identity (the relatively enduring metaphor that conveys *how* an organization will achieve its goals) and elements of strategic intent. These include:

- *Logic:* the business model that drives the organization or the method for generating profits.
- *Breadth:* the complexity of the strategy in terms of its range of products and services offered, markets served or technologies pursued now and in the future.
- *Aggressiveness:* the goals of the organization indicating the urgency of operations with regard to its competitors, customers, suppliers.
- *Differentiation:* the salient features of products and services.

Different strategies require different organizations. Schuler and Jackson (1987), Treacy and Wiersama (1997) and Porter (1980) each identify three or four broad areas of strategic focus and their related design elements as follows:

- *Operational-centric:*
  - deliver most value at least cost;
  - strong marketplace competition;
  - process focus and improvement teams;
  - systems excellence;
  - culture of efficiency and numbers.
- *Product-centric:*
  - deliver best product portfolio to customer;
  - cutting-edge product design, features and applications;
  - product centres and teams;
  - product development excellence;
  - new product culture/innovation.

- *Customer-centric:*
    - deliver best solutions for customer;
    - strong customization/personalization;
    - customer segmentation and teams;
    - customer relationship management deployed;
    - customer-focused/solutions culture.
- *Knowledge-centric – example: professional service firms:*
    - deliver 'unique' intellectual services;
    - strong internal/external knowledge networks;
    - multi-disciplinary expert teams;
    - one-to-one marketing/offering;
    - virtual, knowledge-sharing culture.

Schuler and Jackson (1987) in particular identified the kinds of role behaviours and HRM strategy elements relevant to each strategy type (innovation, quality enhancement and cost reduction).

Strategy is a nested concept with strategies at different levels (corporate, business unit and functions) constraining one another. For example, the strategy may be right, the people may have the right competencies but without the right information those competencies can be frittered away. If the design is basically sound, organizational development (for instance in the form of executive development, capability-building and talent management) is required to shift the focus.

Strategies at all levels must account for their environmental context. Every organization needs to be able to change quickly as its business changes. Dynamic capabilities theory focuses on the skills, processes and organizational structures that create, use and protect intangible and difficult-to-replicate assets, such as knowledge and innovation. This approach to strategy reflects the continual dynamism of technology, markets and organizations when information is constrained and circumstances unpredictable. The capacity to sense threats and realize opportunities is the key to competitive advantage. Any major recharge of the strategy will touch all aspects of the organization design to some extent:

- What changes and capabilities are required?
- What new value will be delivered to customers?
- What work processes/capabilities are critical to strategy?
- How does this fit with current strengths/weaknesses? What is the gap?

Galbraith argues that when a company lacks sustainable competitive product advantage, the winners will be those who create a series of short-term temporary advantages. As he points out: 'Under this scenario, leaders will be future-oriented and will continuously create capabilities that lead to customer value'.

As guidelines for identifying what kind organization redesign may be required, the Corporate Research Forum (2004) suggests:

- Focus on what you are 'excellent' at strategically, what you can deliver and what you can improve. Be realistic.
- If you need a different strategy, re-focus on a 'centric' option (see above).
- Decide on whether change requires ODS, ODV or both to make the shift.
- Decide on the model or approach to be used, including internal sources of expertise.
- Any new focus, and therefore design, must be reflected in strategy, structure, processes and people.

STRUCTURE

To be agile the organization and its structures need to be 'reconfigurable'. The majority of organizations even today are structured hierarchically, usually in functional organization forms. Hierarchies have many advantages, not least:

- clear command and control;
- easy to understand who does what;
- efficient;
- familiar, can be comfortable and most career paths still follow hierarchical paths.

On the other hand, they tend to:

- be difficult to work across;
- make the development of general management capability a challenge;
- build lots of functional specialist activity that potentially adds little value to the enterprise as a whole;
- be slow to change and monolithic.

Agile structures on the other hand tend to flatten hierarchies. People tend to work in small teams (often named 'squads' that form part of 'tribes'), which each have a clear brief and are largely self-managing. Empowerment is balanced by accountability, with team members accountable to each other for their contribution, and squads accountable to tribes.

Lateral integrating mechanisms

Today's challenging environment is causing a different organizing logic to emerge as organizations struggle to meet more complex demands through vertical functional hierarchies, since finding solutions to complex problems rarely resides entirely within a single vertical 'silo'. Lateral integration mechanisms are required to provide greater flexibility. Such mechanisms include specific people and range from informal cross-functional teams at one extreme to formal integrator teams and roles at the other end of the scale. For instance, in agile organizations, 'guilds' bring together people from similar technical backgrounds working in different tribes for information sharing and development purposes. The HR function is an example of a functional integrator. Other conventional integrating mechanisms include processes such as:

- the planning process itself, including setting up metrics and making sure goals are aligned;
- standard processes – these allow handoffs to be clear so that duplication and wastage are avoided and 'person hours' are used well.

However, when things become more complex still, other ways of 'gluing' the organization together are required. Multi-divisional organizations such as GE are so structured in order to help them achieve product and functional excellence, as well as reach new market segments and geographies. However, the larger an organization becomes, the greater the challenges of integration. 3M deliberately keeps its divisions small (no more than 300 people in any business unit) to enhance market-facing responsiveness, while centralized functions provide the 'glue' and make strategic decisions about which divisions to invest in or break apart. What goes at the centre of such structures – such as talent management – is a critical business decision, since this should allow the organization to achieve maximum leverage and speed and use its resources more cost-effectively. For instance, a common purchasing and procurement system should allow the organization to secure better value from suppliers. Similarly, a common IT platform across divisions should reduce cost and inefficiencies.

The 'reconfigurable' organization

How organizations and work are designed impacts both on organizational performance and the use and development of the organization's talent. For greater agility, Ashkenas *et al* (1995) argue that organizations need to be 'boundaryless'. Galbraith (1994) too argues that organizations need to be 'reconfigurable' as characterized by:

- teams and networks across organizational departments;
- the organization uses internal prices, markets and market-like devices to coordinate the complexity of teams;

- the organization forms partnerships to secure capabilities that it does not have. These partnerships require external networking capability.

In summary, structure assessment questions include:

- What core units are needed to achieve focus on strategic deliverables?
- What lateral structures?
- Where is the gap?

Management processes

For Galbraith, the reconfigurable organization needs accounting systems, data structures and planning processes, which allow it to operate as miniature business units. Information and goal-setting processes need special attention and common processes are required for new product development, order fulfilment and strategic planning. Above all, a flexible reconfigurable organization needs a strong management team who are skilled at making frequent priority decisions, allocating resources, communicating effectively and the timely resolution of conflicts. Ensuring that the management team is able to perform in this way should be the number one focus of the HR leader. Key assessment questions include:

- What are management strengths and weaknesses?
- How do the management processes need to change to achieve focus on strategy?

People

The HR function and its policies must be aligned to create policies and mindsets that support the development of a change-able culture. For instance, recruitment should be geared to attracting people who fit the organization not just the job; who are able to work well in teams, have the desire and potential to grow and learn new skills. Career management and assignments will also be cross-functional to enable people to not only build important product and functional knowledge but also new skills and relationships. Training will be continuous and targeted, for instance, on helping new cross-functional teams become established. Training events are also used for the purposes of building social capital, especially as a growing proportion of the workforce works remotely. HR professionals need to be cross-functionally skilled, with good internal and external networks.

Key questions include:

- What are our talent gaps?
- What are the strengths and weaknesses of our talent management/knowledge management models?

Rewards

Reward systems are usually the biggest barrier to change since reward is a sensitive subject for many people. To enable flexibility the reward system will typically have fewer bands, simpler pay scales and grades than old-style reward systems and will have more variable elements. Individuals will be rewarded for their skills and performance, including their contribution to team performance, rather than being based on job descriptions. The appraisal process is also moving towards team-based and feedback-based models.

Key questions include:

- What is currently rewarded and how?
- What are the gaps, given our new strategy and capability requirements?

The Organization Design process

The design process itself is an organizational change process and must be managed as such (Galbraith and Kates, 2007).

While there is no one 'right way' to design organizations, open design processes that involve parts of the workforce rather than simply taking a 'top-down' approach are more likely to be rooted in practical reality. Galbraith suggests the following process flow as a guiding framework of steps through the strategic choice element of the design process.

The design process should begin with the CEO/general manager and group who report directly to the general manager (the executive team). The purpose of the discussion is to get the executive team comfortable with an open design process.

The next stage is to develop criteria in a kick-off workshop (Galbraith recommends three days for this). This workshop should give people a shared framework and language as well as ideas about current best practice. At least two of these days should be devoted to the executive team, or a sub-group of it, which becomes the design team. From the business strategy the design team should outline in broad terms a future organization towards which the organization will evolve and derive about five criteria that the new organization should satisfy.

The design team's next task (typically in small groups) is to create several alternative designs including structure and key lateral processes that should fix today's organizational problems and also move towards the desired future. The advantages and disadvantages of each are weighed up to arrive at between one and three alternative designs. These alternatives must be tested on the rest of the organization, both to inform the organization about what the design team is doing and also to gain input. The rest of the workshop is spent on planning the interview process for this test and developing a standard interview format.

FIGURE 15.1   Organization Design process flow

In the testing phase the design alternatives should be reviewed by between 60 and 70 people from across the organization who will be affected by the ultimate design. The testing should be achieved through interviews led by the design team members (in pairs). After this, the design team must consolidate and analyse the responses to see if there is an emerging consensus for all or parts of the alternatives. Emerging feedback is shared with the executive team.

Next the design team make modifications to the criteria and structure alternatives based on the organization's input. Further information can be gathered from benchmarking and collecting additional data. Taking this additional data into account the design team works out potential trade-offs and tries to agree on a particular organizational alternative, which is again discussed with the executive team and any final modifications made.

Then the proposed design is outlined to the top three levels of the organization and other contributors to get their feedback and suggested modifications. The recommendations are then presented to the executive team who make their decision. The success of the design implementation to a large extent depends on how open and involving the design process is so that those who will be most affected by the design feel a strong sense of ownership of it and know that their ideas and views have been heard.

A similar approach is the Self-Design process devised by the Center for Effective Organizations at the University of Southern California's Marshall School of Business.

An HR/OD approach to designing organizations

I am grateful to Becky Spears, leader of the Global OD Consulting Practice in the Organization Talent & Development Group at Oracle Corporation for this description of the organizational design process she developed and used at Sun Microsystems,

where she was Senior Human Resources Director responsible for the Organization Consulting (OC) group. Becky originally joined Sun in 1999 as an HR business partner supporting the Sun chief information officer and her organization design work in Sun Microsystems began when she was still an HR business partner. Oracle Corporation acquired Sun Microsystems in 2010.

a) Organization Design at Sun Microsystems

As HR business partner Becky worked with clients who would carry out a restructure every year, with varying degrees of success. As Becky wanted to improve the chances of the design succeeding she proposed a different approach with one client. Becky suggested running a two-day off-site workshop for a design team and key stakeholders to produce the macro design so that the organization itself could then implement the design down to the micro levels. Initially the client was sceptical about the need to spend so much time on this, but in practice he found the two days a valuable investment.

The resulting engagement far exceeded expectations and began Becky's serious practice in Organization Design. Indeed the process became so successful that Becky was sought out by other HR business partners and internal clients, and eventually became responsible for the OD consulting group within Sun. Details of the workshop content and process can be found on Becky's website blog (changinglikeariver. blogspot.com/2009/08/whos-on-first.html). Becky went on to partner with senior executives to develop the global IT leadership team, align practices to Sun business requirements, plan workforce development, develop reward and recognition strategies, and analyse and then lead action planning in response to employee and leadership feedback systems.

Although this is the process Becky often uses with her clients, OD consulting engagements vary significantly based on scope, business issues and organization complexity. Organization Design is the brains of the work and depending on the scope it may take months, during which time many brains are better than a few and benefit from coordination and facilitation. Implementation (and associated change management) is the heart of the work. This step can also last for months, often begins with the assessment and ideally includes measurement.

b) A self-design process

Becky's Organization Design Practice model is based on the Self-Design strategy devised by the Center for Effective Organizations at the University of Southern California's Marshall School of Business. The 'self-design strategy' assumes there is no single design template that will work well in every context. A good design is what makes sense in a given organizational setting. The self-design process is a way of

involving relevant stakeholders and achieving shared ownership and commitment to making the new organization design work. Moreover, since organizational redesign is ongoing the self-design process is iterative and involves a continuous cycle of designing, testing, learning, redesigning and confronting new challenges.

- The self-design process involves understanding the business context and strategic focus, contracting with key stakeholders, developing the design concept, aligning design elements to the design criteria, the strategy and to each other. Galbraith refers to what is involved as 'The Four D's' – ie dialogue, decisions, design and development.

- It is an iterative process involving:
  - preparation;
  - contracting;
  - assessment;
  - planned learning;
  - Organization Design success criteria;
  - Organization Design;
  - change implementation.

- Implementation begins by involving others in the design process, which can typically take several months. Then implementation is measured and leads to learning and renewal as changing circumstances drive new strategy.

c) Design team

Becky recommends designing with a team, especially when starting a new company or division, responding to significant change in scope (growth or shrinkage) or when the organization is under-performing. Working with a design team is also important when there are changes in leadership, strategy, internal or external environment.

The design team will consist of relevant stakeholders, including senior managers, leaders, HR business partners, OD and technical specialists and external resource if needed. The team reports to the senior sponsor, or main client of the redesign. For large organization design engagements, there are frequently two (or more) teams of people directly involved in the design process – the executive team and one or more design teams. Often one member of the executive team is also an active member and 'champion' of the core design team. Involving senior managers in design has many benefits. It tends to enable business performance, create the best design, strengthen the leadership team, prepare the leadership team to manage change, build and align the leadership team, develop future leaders and signal the importance of change. As an activity therefore, designing organizations can be hugely developmental for both the individuals involved and for the organization.

d) The stages

1. PREPARATION, RESEARCH AND PLANNING

Preparation and then contracting with the client are vital first steps. At the start of an organizational design engagement, Becky typically works closely with the HR business partner and others who understand the business issues to prepare for a first meeting with the client, who may be any leader within the organization, but is typically a member of the top executive team and responsible for a significant part of the Sun business. She then discusses the situation with the executive and if the outcome is an organization (re)design Becky sets up a partnership between herself, the executive and the HR business partner.

As Becky points out, as an organization design practitioner (ODP) you need a lot of information from the leader to make sure you are planning a design process that will meet the business needs. Prior to meeting with the leader, it is important to learn about the organization and its known challenges, collecting background information, for example, by talking with people familiar with the business and people in the business, looking at website information, understanding the scope, size, charter (if available), known challenges and strategy.

It is important to plan the contracting session, for example how to handle the client session and potential areas to probe; if attending with a partner, decide on roles. Think through the potential benefits of a design team workshop approach. Be prepared to discuss the relevant benefits of a team-based approach. However, if the leader already knows what s/he wants to achieve, and key design decisions have already been taken, it is not effective to take a team through a frustrating process of trying to come up with the answer the leader wants, or being overruled. For instance, one executive had a particular structure in mind and was not prepared to budge. It was only when Becky asked, 'so *who* is going to do this (implement the structure)?' that the executive began to relinquish control and the organization design process with a team could begin in earnest.

2. CONTRACTING (WITH THE LEADER)

Contracting and consulting is the beginning and continues throughout the engagement. Contracting properly with the leader establishes a relationship of trust and partnership between the ODP and the leader. This involves agreeing what both the leader and ODP can expect of each other (and others) during the process since success will depend on clarity around mutual dependencies and commitments.

It is vital to listen and show understanding of the leader's viewpoint:

- their business challenges and issues;
- organization performance;
- strategy, plans, key objectives;

- the business readiness for change;
- the dynamics within the leadership group.

As Becky points out, 'they are the leader of the business, they are responsible for the business performance, and they know more than you do about what is needed; it is critical to meet their needs'. Becky suggests that the right balance of dialogue 'air time' should be roughly the leader talking 80 per cent of the time and the ODP 20 per cent, mainly at the end of the conversation. It is important for the ODP to learn from the leader, and only by first learning can the ODP offer the right solution. If the relationship between the leader and ODP is awkward the design process is in jeopardy.

Agreeing desired outcomes

As part of the contracting process it is important for the leader and ODP to agree on desired outcomes for the design engagement. These then become the performance guide for the ODP in managing the design process. Desired outcomes typically fall into three 'buckets' – those the ODP is confident can be achieved, those where there is a good possibility of achieving them, but an external problem might derail them and prevent them from being achieved, and those that are more ancillary to the process – they might be achieved and may require other OD work to resolve them. It is in the latter two categories that problems tend to occur. The leader and ODP have to decide how to manage risks. The leader in particular has to be actively engaged rather than passive in agreeing with the ODP about what is achievable versus what is ambitious.

Agreeing engagement specifics – design team(s)

At the start of the contracting process, the composition of the design team needs to be determined. This will depend on the scope of activity (what is included, excluded, focus of work). It is important to agree time commitment and schedules (relates directly to desired outcomes) and respective roles (their expectations of me, my expectations of them, roles of any others). HR business partners, for instance, may be involved as assistants to the ODP (often in the assessment process or facilitating team breakout sessions) but sometimes instead they are a member of the design team itself. Deciding who will be involved and how these teams will work together can head off many issues and enable sound criteria and designs.

There must be good communication between the teams and regular report-outs that include the opportunity to discuss concepts and options. Problems can occur if the executive team is not intimately involved in these areas. Becky recalls how things once went badly wrong when it became clear that the exec team member assigned to work with the design team actually was not empowered to make design decisions on behalf of his colleagues. Consequently the design team proposals were turned down by the executives because what had been proposed cut across the power bases of

several exec team members. On that occasion, by clarifying the reasons for the objection, Becky gained insight into what really mattered and used this insight to help the design team create a more politically acceptable design, which also still delivered the key performance elements vital to the business strategy.

3. ASSESSMENTS

These are vital for providing insight into issues and opportunities and then aligning the team as some commonality emerges. The assessment process defines the issues that could interfere or are interfering with the business strategy. It essentially involves identifying the current state, including things that are going well and may include suggestions regarding what is needed. The Star Model provides a template for checking the interview questions to make sure they cover all the topics.

Becky adapted the 'Star' elements to work within the Sun culture. For instance, the 'rewards' part of the Star Model was culturally challenging in Sun since many managers struggled with the lack of control over monetary rewards. By re-labelling the 'reward' Star point as 'norms and behaviours' and placing the emphasis on recognition instead of financial rewards, Becky found that the Star Model could more readily apply to the Sun culture and encourage the performance needed to meet the organization's unmet or changing needs.

Agreeing criteria

Agreeing Organization Design success criteria is the most critical step. This strategic activity provides the direction that differentiates organization design from simply making a change (such as restructuring, or changing leaders or modifying charters). Strategy is the key place to start in the assessment process since logically the criteria define what the organization must do to achieve the strategy.

Sometimes organizations do not have a written strategy – particularly in a fast-paced and competitive business sector focused on continual technological change. In these cases, strategy work may need to precede organization design. Where clients are resistant to this, although not optimal, the process of identifying design criteria can act as a proxy for strategy. Sometimes the business strategy is not changing but the issue is that people are not aligned to it and/or are not performing well. In Sun's case, the decision to be acquired by Oracle Corporation in Spring 2009 led to a protracted period of uncertainty for employees. The challenge then was to keep smart people aligned to the existing strategy before a new strategy became clear.

Interviews/data gathering

Typical diagnostic questions help guide the assessment. Many of these are chosen based on their relevance to the current business strategy:

- Based on your reading about (eg the new technology area) what are the emerging opportunities and challenges facing our group?

- What are the implications for our organization due to current company challenges?
- What is your view of how well our work processes support execution of our strategy?
- What are the most critical performance gaps in our organization today?
- How well do our current competencies align with our future needs?
- What is the most critical challenge we face as an organization?
- Are there key problems that you believe we should focus on during this process?
- How well does our management team manage this business?

Other regular topics:

- Inquire about change readiness – starts to set the stage for organization design also needing change management.
- Collect advice and feedback for the leader – influences leader behaviours particularly during the engagement.
- Check to make sure the question set covers all elements of the Star Model; if it doesn't, include some specific questions about the missing elements.

Becky also enhances the discussion by asking interviewees to review and comment on high-performance characteristics (drawn from Galbraith, Mohrman, Worley and others) as a lead-in to asking them about current realities.

HIGH-PERFORMANCE CHARACTERISTICS

- Responsibility for a whole work process that provides value to the customer or client.
- Capability to achieve this value without daily management control.
- Efficiently and effectively accomplish objectives.
- Clear responsibilities and decision-making authority.
- Leaders who direct and develop the organization's capability.
- Flat/lean management structure.
- Strong lateral linkages:
  o Groups are held accountable for integration with other units.
  o Effective and efficient lateral teams.
- Measurements and accountability for results.
- Mechanisms enable organization to learn and improve performance:
  o Benchmarks.
  o Shared learning.

Members share in the success of the business, and know how their work contributed.

Becky does not ask them to compare their current organization with these but to:

- *Analyse thematically, not by question, and produce a report.* Themes might include: lack of alignment between groups; need to determine global versus local; decision making; need to increase speed; need one face to the customer, etc.

- *Review the report with the leader* well before the first team session, but don't share it with the team yet.

4. LEARNING

For Becky learning is not a specific or separate step in the process since learning and change are happening throughout. However, it is an important factor that needs to be planned into the design process. The planning needs to consider the organization design awareness and knowledge in the design group prior to the engagement. For instance, some teams may already be familiar with the Star Model and a design process – for others the very concept of design criteria may be new. The ODP needs to determine the right mix of theory and tools for the design team and the business situation. In some cases the design team may need specific information related to their function or technology. This also then becomes part of their learning curve, and needs to be planned.

Organization Design learning areas to choose from include:

- the Star Model itself – to provide perspective and the scope of design needs;
- data from the assessment – to create shared awareness, performance focus;
- organization models – function, product, matrix, customer, etc – to create under-standing of design implications, trade-offs etc;
- organization design criteria – to define what is meant by criteria;
- lateral capability and other design needs (typically used in design);
- change management – design process starts this work, particularly via involvement, alignment, champion building, exploration of change readiness, implementation planning.

5. CHANGE IMPLEMENTATION

Often change management is embedded throughout the design process, ie change management began with the assessment and is furthered by the design process. The leadership team has the advantage of executing a designed change:

- communications build on the criteria thinking;
- leveraged involvement creates champions and people who understand the direction;
- teams are often created to complete design work – broadening the base of those who understand the change and have had a hand in the design;

- champions are often assigned to new key focus areas;
- check-up and adjustment processes ensure completion of the change.

Summary: what works

- Focus on more than structure. Use frameworks such as the Star Model, lateral design, decision matrices or Responsibility Assignment Matrix (RAM), also known as RACI matrix. Using the Star Model provides a good backbone for assessment both before and after the change. In the real world, a complex interplay of many factors influences the design, and an aligned design is more likely to achieve business outcomes. Designs should aim to be sufficient, yet simplified.
- Involve teams in the design – begins the change management process, and builds good teamwork and champions. It also results in better designs since there is more knowledge, awareness and insight to draw on. The ideal team is a group that is familiar with some of the concepts and where there is clarity about business strategy and completeness.
- Identifying well-developed and prioritized criteria before the design is vital as is developing multiple design options for review against the criteria.

Becky recommends that design teams start with realism about the commitment and outcomes required of them. Further, she believes that the ODP should allow the group to follow their passion about priorities, despite the assessment, since they own the business and the outcomes. Then use re-assessment to drive completion of the remaining work – graceful persistence pays off!

6. WHERE ODS THINKING IS MOVING TO: DESIGNING FLEXIBLE, HIGH-PERFORMING ORGANIZATIONS

Increasingly Organization Design thinkers are taking into account the external context within which an organization attempts to deliver its strategy. According to Worley and Lawler (2010a) what will be needed are 'maximum surface area structures', which focus attention and resources on the competencies and capabilities required to create and deliver value. These will support ongoing change by enabling a strong external focus. Hierarchies will be flatter and organizations will be structured around *customers*. Drivers include:

- globalization of the customer;
- customers require customized solutions;
- they want partnership arrangements;
- relationships are fewer but closer, longer and more profitable;
- e-commerce developments;
- buyer power in transactions.

There will be heavy use of teams and small, wholly-contained business units. The organization will be integrated through management processes, with decision making pushed down the organization, alignment to create transparent information systems, job descriptions and budgets eliminated.

In his later writings Galbraith's thinking too is that ODS should focus on how organizations are structured and arranged around *customers* rather than products. Organizations such as Cisco Systems, Sony and Nokia Networks have adopted more lateral forms of organization design to enable customer focus and responsiveness. True customer-centric organizations design in lateral organizational forms, processes and arrangements that enable them to be 'smart, fast and flexible'. In practice all organizations need some kind of customer dimension, which will be defined in different ways according to their strategic focus, ambitions and circumstances.

For Galbraith the most developed lateral forms are interpersonal networks, which tend to enable strong matrix working. Organizations adopting this 'network-centric' or 'enterprise model' can rapidly add on new ventures, assimilate acquisitions and change effectively. However, as Galbraith himself points out (2005), 'the paradox here is that good ODS will simplify and grease the skids of customer-facing processes but will also make the organization more complex by introducing the customer-focused groups, networks and relationships underpinning social capital. This is the future of organizational design'.

What Worley and Lawler (2010b) call 'Built to Change' organizations use integrated design and development and are high-involvement organizations. There are clear implications here for HR. Key to effectiveness is a policy of hiring people who are skilled but are willing to change and develop along with the business. They are supported by change-enabling processes such as enriched work designs, participative decision-making structures, community, shared leadership, commitment to the development of people and pay for skills.

Any design has positives and negatives that require trade-offs. It is leadership's task to surface these negatives early in the design process – at criteria stage, for instance – and work out how to overcome them. When an organization design works well, an organization is better able to respond to its environment, customers and market opportunities. Cross-disciplinary ideas and collaboration will abound.

However, there is no 'one right way' to design and the best way to learn is by doing. Therefore collaborate with organizational design and development specialists to ensure a complementary blend of skills and input. After all, developing the organization design is only the start of the process of implementation. Organizational Development (ODV) and change management provide the 'how' of design, ie how to mobilize the key people to journey in the same direction; how to generate and sustain both energy and commitment during the change. In the next chapter we

shall consider how change management and culture change can deliver healthy and effective organizations and sustainable business outcomes. We shall also consider in more detail how the implementation of radical change such as an organization redesign in the context of merger can be managed in ways that produce 'win–win' outcomes.

16

Transformation and culture change

A turbulent backdrop

In today's challenging competitive environment, organizations everywhere are in flux and change is the constant. While this situation may seem unprecedented, even back in 1994 D'Aveni was describing as 'hyper-competition' the frenetic context and resulting volume of organizational change initiatives as organizations struggled to grow or maintain their competitive advantage. Before the economic crisis began in 2008 the think-tank Demos (Miller and Skidmore, 2004) termed as 'hyper-organization' the frenzy of restructuring and change initiative overload taking place in organizations – becoming lean, stripping out positions and people, outsourcing non-core activity to improve the bottom line. All this while keeping up performance, producing innovations and increasing market share!

No wonder many organizations never seem able to achieve their change goals before yet another change is introduced. It can even seem as if change itself has become the goal, rather than the goal being the goal and change being the means to achieve it!

Transforming organizations is perhaps the greatest challenge facing OD specialists, executives, line managers and HR professionals. In the last chapter we looked at the strategic choice and process elements of organization design. In this chapter we shall look at how HR can support the implementation of organization design and transformational change, using the example of mergers to illustrate HR's potential contribution to integration success. Strategic change requires not only profound change within existing business models, but also business model innovation itself. Moreover, the challenge many leaders face is that it is NOT enough to change strategies, structures and systems unless the thinking that produced them also changes. This will require culture change including significant shifts of mindset, focus and capability – not only among senior management but across the workforce.

As we look ahead, we can conclude that the pace of change will continue to accelerate; therefore successful organizations – from the largest corporations to the smallest entity – need the ability to change in their cultural DNA. No longer is

change management just about managing a specific change initiative; it is really about building organizations' capacity for ongoing change, ie their 'change-ability', as we shall explore further in the next chapter.

In earlier chapters Mee-Yan described processes for understanding and influencing the patterns and rules that underpin culture, or the 'way we do things around here'. In this chapter we shall consider if and how a change-able, high-performance culture can be 'built', and the role HR can play in this. We shall cover:

1 the challenges of profound change;

2 human reactions to change;

3 planned change approaches;

4 HR and transformational change;

5 HR's role in changing culture;

6 diversity and inclusion.

The challenges of profound change

In profound, transformative change – such as massive downsizings, acquisitions or 'corporate reinventions' – strategy and culture are twins, with leadership the vital conduit between the two. Many change efforts are still introduced 'top down' yet top-down change processes are increasingly regarded as ineffective and most major change efforts are reported to fail (the usual figure quoted is 70 per cent). With respect to acquisitions McKinsey research found that 60 per cent fail to deliver returns exceeding the cost of capital (Rivlin, 2004). The high failure rate of mergers used to be ascribed to the content of change – the weak rationale and lack of strategic fit. Nowadays there is much wider recognition that the main causes of failure lie in the process of change and how it unfolds and especially in the consequences of change for people and culture. OD is concerned with all three categories but in particular the process and people aspects of change.

The content of change

In the case of mergers and acquisitions (M&A), more energy is typically put into finding a target company to acquire, or fleshing out the acquisition plan, than into figuring out how to capitalize on the new organization's combined capability. Without this bigger vision in view the organization's design, use of talent and access to key resources can be sub-optimized and limit the organization's ability to enact the ultimate strategy. Using a mathematical analogy, most mergers are handled in such a way that 1+1=1 rather than 3, 4 or 5.

The process aspects of change

The way the merger integration process is handled impacts on the emerging organizational culture.

ABOUT CULTURE

Culture is 'the pattern of shared beliefs and values that reflect "the way people think about things around here"' (Louis, 1983) that 'give members of an institution meaning and provide them with the rules for behaviour in their organization' (Davis, 1984). What is perceived, and the way it is perceived, becomes reality for the individual or group and is reflected in shared memory – people's history and experience, what people feel and think about the organization. These perceptions drive shared patterns of behaviour – strategic, operational, decision making, information flow, managerial and leadership – that tend to stabilize and sink below the level of consciousness over time, becoming so taken for granted they are largely invisible to organizational members (Holbeche, 2005). As the Chinese proverb says, 'the fish in the pond does not see water'.

Conversely, in merger scenarios employees often become hyper-conscious of their own culture. If the process of bringing together two or more companies with very different ways of doing things is badly handled, it can result in culture clashes that persist unproductively for years. Similarly, poor people management can result in involuntary turnover of skilled staff, and loss of goodwill, organizational knowledge and intellectual capital.

It is very easy for the integration process to be handled as a purely transactional exercise. Indeed many acquirers pride themselves on their 'hundred day' plans and smash together the different financial, IT, human resource and customer handling systems in the shortest time possible. This is understandable since business as usual must be maintained and customers kept happy while the mechanics of integration are under way. Yet if speed results in confusion, dissatisfied customers or undermines the employment relationship, the benefits of pace may be short-lived. Since organizations can be viewed as complex adaptive systems, what happens to parts of the organization during a process of change can have profound knock-on effects on the emerging organization's culture. And as one HR director involved in the acquisition of a DIY chain commented 'you can't paint the culture on afterwards'.

 Another cultural issue relates to the *depth of integration* required when one company acquires another. Often the acquirer's modus operandi is imposed on the other party wholesale and in a heavy-handed way. Leaving cultural differences and misunderstandings unaddressed can lead to tensions, culture clashes and 'them and

us' attitudes. People being assimilated in this way, even if their jobs are 'safe,' may feel that their previous company's brand and good practice have been swept away without consideration. In one pharmaceutical company, the effect on scientists developing new products was dramatic; work slowed down until people could see how things would work out – and whether they would like the future company. This phenomenon became known as 'burying our babies' – people hoarded their best ideas in case they wanted to jump ship.

  Common process pitfalls include poor communications – not using the channels available, breakdowns/blockages and mixed messages being conveyed at the top. Weak transitioning and badly managed exits result in reduced employee commitment and motivation and loss of critical talent (and knowledge). Slow decision making, mandating impossible timelines, unforeseen costs incurred, insufficient budgets, failing to track results are all recipes for failure. Lack of senior leadership unity compounds the problems.

THE PEOPLE ASPECTS OF CHANGE

The largest category of failure factors relates to ignoring, neglecting or mishandling the people aspects of change. Since in today's knowledge- and service-based economy business success crucially depends on people's skills and willingness to deploy their discretionary effort to the benefit of business, what employees want and need should be taken into account. But how often are their voices heard in today's challenging environment despite employee engagement having become the HR 'holy grail' in recent years?

   Some of the main people risks in change include people's emotional reactions and behaviour; their degree of engagement, acceptance and commitment to the change. When change is imposed top-down it is usually much harder for people to 'buy in' or engage with it. Moreover people tend to resist or subvert change that is imposed. The deep changes – in how people think, what they believe, how they see the world – are difficult, if not impossible, to achieve through compliance.

While change may benefit some employees, it can also undermine employee well-being if people end up with increased workloads, redesigned roles and responsibilities, 'compulsory' redeployment or demotion and changing work standards/practices. Staff may suffer anxiety, stress, job insecurity, loss of confidence and faith in the organization. These can negatively impact on employee engagement and lead to less discretionary effort, lower productivity, work disruption, change fatigue, human error and strained employee relations. This in turn may result in the loss of the best people, ideas, capability, experience and knowledge – either because cuts have been

too deep or people seek more stable prospects elsewhere. This in turn impacts on business effectiveness: customer service, relations with suppliers and the company's reputation may suffer.

Ironically, in the case of mergers, when people may be expecting and ready for something different, the typical lack of information, delays and uncertainty of the merger process may cause people to assume the worst about the potentially negative impact the merger will have on them. 'Brownie points' amassed in the past are swept away; career paths become cluttered with unknown new rivals; new ways of doing things are imposed; head-hunters start circling and key people leave.

If the human side of change is so important, why is it generally so badly handled?

Many organizational change efforts are handled in linear, mechanistic ways, which ignore the importance of human dynamics and cultural fit. As we discussed in the last chapter, when organizations change their design, the huge operational effort involved can easily distract leaders from paying enough attention to the psychological and emotional impact on the workforce. Managers in particular are often attempting to balance time spent on restructuring with pursuing their business objectives. They may lack commitment to the restructuring rationale or have little experience of restructuring. They may be unprepared to deal with difficult situations, such as having to let people go, especially if those colleagues are loyal and valued. They may be facing redundancy themselves and must deal with their own apprehension while also managing staff reactions described above – at team and organization levels. And even though they may be suffering personal issues arising from restructuring, such as change fatigue and stress, they are expected to remain positive and energized with others since they are in the front line of trying to re-engage staff. These responses are typical of much of the theory about how human beings react to change.

Human reactions to change

There is a raft of research and theory about the emotional implications of change for individuals, which I have covered elsewhere (Holbeche, 2005). Of the many models to explain the psychological shifts many employees experience as they are affected by change, Elizabeth Kübler-Ross's Bereavement Curve (1973) and William Bridges' Transitions model (2004) are among the best known in management circles. These suggest that people typically experience different emotions at different stages of a change cycle. In the early stages people are likely to experience heightened responses, anxiety and uncertainty; in the latter stages people let go of the past, learn new things, feel relief and achievement or else hang on to the past and gradually disengage. Employees who become emotionally disengaged are likely to become critical of the organization and its management, their performance may suffer and they usually want to leave at the first opportunity. The HR/OD and leadership challenge is to anticipate these various phases and to put in place communications and support to help people navigate the transitions with as much ease as possible.

Unless employees engage with the new reality and change their expectations and behaviour, the restructure will not succeed. Therefore the less certain the environment and the less agreement there is about what needs to be done, the more employee involvement and engagement in change is desirable.

In Chapter 8 Mee-Yan has discussed ways of approaching behavioural change and addressing the issue of 'resistance'. Lewin (1948) recognized the need to provide a process to engage employees and help them change their behaviour. He developed action research and his famous three-step model of change – of unfreezing, moving and refreezing. He argued that crises can be leveraged for initiating culture change (unfreezing) since the system is more open, permeable and vulnerable at such times. Normal rules are suspended, including the covert norms of the entrenched culture. Hence mergers can be a powerful spur to something new and better if the opportunity they present is used as such.

Bridges's Transitions Model – with a similar structure to Lewin's – puts much greater emphasis on the emotional change journey, seeing this as a series of transitions through the various phases of change with features such as anxiety, reduced performance, polarization and conflict that should be anticipated and planned for. The key change lesson is to involve people in change since as Senge (1999) points out, real change is about 'activating the self-energizing commitment and energy of people around changes they deeply care about'. Hence the importance of embracing dialogic, involving approaches to change, even when managing a conventional top-down change programme.

Planned change philosophies and approaches

Given the pace of change, the notion of linear 'change management' is becoming questionable. So we need to rethink how organizations can be transformed in such a way that change 'sticks' – for a while at least. Mee-Yan earlier drew on the work of Marshak, Eoyang and others to describe the differences between conventional change management and OD approaches. Building on this, we are seeing blends of 'old' and 'new' approaches being applied to managing complex change.

'Change management'

Planned, top-down change is in keeping with the metaphor of organization as machine and assumes that change can be efficiently engineered to achieve predictable outcomes. The right mix of *plans*, *assets* and *culture* is supposed to lead to superior performance. It also requires people to adjust their **beliefs**, **values**, and **assumptions** to ensure appropriate patterns of behaviour to implement strategy.

Such change is usually treated as a project with a defined start and finish that requires a formal change model and an orchestrated approach to address both the mechanics of the change process and the human aspects of change. The change process is often supported by project management tools such as Gantt charts, 'go live' dates, etc. For instance, the well-known '8-Step' change framework of John Kotter (1995) is widely used and reflected in Prince2 project software:

1 Establish a sense of urgency – examine market and competitive realities for potential crises and untapped opportunities and convince at least 75 per cent of managers that the status quo is unsustainable.

2 Form a powerful guiding coalition – encourage a group with shared commitment to work as a team outside the usual hierarchy.

3 Create a vision to direct the change effort and develop strategies for realizing the vision.

4 Communicate the vision – using every possible vehicle and teaching new behaviours by the example of the guiding coalition.

5 Empower others to act on the vision by removing systems or structures that undermine the vision.

6 Plan for, and create short-term wins – engineer visible performance improvements and reward those who contribute to these.

7 Consolidate improvements and produce more change – build further change on the back of enhanced credibility as a result of improvements already achieved.

8 Institutionalize new approaches – for instance create leadership succession plans consistent with the new approach.

Critics of such approaches argue that change should not be seen as a single linear 'waterfall' process since it may be necessary to revisit strategy, for instance if changes in legislation or company policy mean that the strategy is no longer relevant. So change management entails constantly monitoring the need to loop back to earlier phases and get them right before moving on, even though a 'burning platform' or urgent need no longer exists. Axelrod argues that such approaches work on four old change beliefs (Axelrod, 2010: 19) namely:

• the few decide for the many;

• solutions first and people second;

• fear builds urgency;

• inequality is the norm and life is not fair.

These four beliefs create major engagement gaps since what the process communicates to people is that their voice does not count. Consequently individuals end up

isolated from other people; people trust neither the institution nor its leaders; self-interest breeds self-defences.

Systemic change

From the 1980s onwards there was wider recognition that organizations are living systems that develop organically and can also be deliberately developed and renewed. The metaphor most commonly associated with classic OD is that of 'organism' or 'ecosystem'. The typical OD process model has its sequential steps, interventions and underlying ideals. It involves identifying the key stakeholders; listening to and including their ideas in the solution; working towards alignment of views, intent and implementation. This approach has merit for incremental and process change or to support formal change models. Thus classic OD approaches still have elements in common with the mechanistic view. For example, the search for general systems theories, concepts and processes clearly reflects the traditional search for cause-and-effect relationships.

There are differences, however. Whereas the role of the manager in planned change is to deliver the plan, in systemic change the focus is on human dynamics. The leader articulates a vision, employees are engaged in 'pull mode', patterns are recognized and feedback loops reinforced. The assumption is that diversity must be surfaced during change and common ground sought; that multiple gains are possible and engagement is critical to maintaining change momentum.

More recent OD approaches are built on social constructivist principles. They emphasize the dialogic, with conversation between people and co-creation being the primary means of effecting change. They include models such as appreciative inquiry, world cafe, solution-focused dialogue and reflexive inquiry. Bushe and Marshak's (2008) general dialogic approach (creating generative images, hosting generative conversations and sponsoring emergent change) is increasingly being embraced not only as a suite of tools and techniques but more importantly as a way of being.

Therefore OD as a discipline is responsible for 'democratizing' the change process – putting greater emphasis on:

- Living system paradigm – honouring the nature of human dynamics, autonomy, freedom, sense of agency, need to contribute and so on.
- Everyone counts – regardless of rank, individual voices are to be captured.
- Working from the end game up – involving key groups in the implementation from the beginning of the process.
- Helping people to personalize, influence and co-construct the change case and process.
- Setting the problem and letting people work out the solution, always using large group methodology to close down the power differentials. We do believe that wisdom exists in groups.

Axelrod (2010) argues that the leader's task is to widen the circle of involvement, connect people to each other, create communities for action and promote fairness. The leader's challenge is to align thinking, manage the tensions and get people to work out for themselves how best to achieve alignment in a way that responds to the needs of the stakeholder group. In the final analysis, OD believes that 'people support what they help to construct' (Weisbord, 1978).

Therefore, whichever change model or approach your organization is considering, the likely impact on people should be assessed:

- Does it make sense for your organization to have a single approach to change?
- Will it help your organization manage more change, faster and better?
- Does the model's assumed range, scale and speed of change suit your organization's circumstances?
- Will the model mobilize the people/behavioural/cultural dimensions of change to match your organization's ambitions and capabilities?

Of course the majority of organizations are still operating in the prevailing traditional paradigm. As Mee-Yan points out, it may be sensible for the HR/OD practitioner to glean useful approaches and techniques from the traditional way of effecting change, and then blend these with the OD systemic and complexity understanding – which should remain as the dominant base. As a result, HR/OD can help clients learn how to do change differently.

HR and transformational change

Especially in the case of radical complex change – such as M&As – there is a good case for adopting a formal change (project) management approach and adapting to it to embrace classic and more dialogical OD approaches. Given the importance of 'getting the people bit' right, Roffey Park research (Devine *et al*, 1998) argued that HR should be directly involved in planning from the outset. There are distinct phases of M&A activity – the run-up period to the deal being closed, the transition period when the two organizations come together and the longer-term integration when the two companies effectively become one. Each phase is marked by a different level of activity with many groups having roles to play. HR should ideally be involved in all three but is frequently limited to providing data to transition teams in the run-up period.

Roffey Park found that mergers that were strongly HR-led anticipated and resolved many of the people issues during the merger, leading to real integration and synergy. That's because the merger experience shapes the emerging culture and climate of the new organization and determines people's commitment to the new business.

With intellectual capital being a major driver behind many acquisitions, failure to retain key talent can become an own goal for acquirers!

In working together on change projects HR and OD need to agree who is doing what. Managing the overall change process and working closely with the CEO and top team to design the change methodology is likely to be the task of the OD specialist while HR must work closely with senior management throughout to advise on the people issues and make sure that leaders are aware that their values and behaviour will have a profound influence on others.

Designing the new organization for high performance

As we discussed in the last chapter, transformational change offers the chance to refocus the organization's design on value creation and other desired outcomes, enabling the new organization to move to higher levels of performance and embark on new strategic opportunities. HR can play a key role in helping redesign organizations so:

- Remind yourself what the change is trying to achieve then go for the full potential, enabling the new organization to move to higher levels of performance and embark on new strategic opportunities.
- Design the structures, work processes, employee roles and value proposition to reflect the kind of business you are aspiring to be, the business model(s) you are working towards, the values you hold dear and the kinds of people you need to attract and retain to make the model work.
- What roles, knowledge and skills will create value for the business? What staff numbers will be required?
- What will help bring about high-performance climates?

It is important to be proactive and decisive about what you intend to do. See that you have a robust yet flexible process in place – the shorter/quicker, the better. Keep it as tight as possible and get the right people to manage it.

A disciplined approach

The change process needs to be designed and implemented in a phased and disciplined way, using project management disciplines and continuous tracking of key indicators to ensure that the transition and employee morale are in good shape. Establish the process by which the new structure will be agreed and the timescale for changes. Handovers need to be clarified between those who are managing the transition as a project and line managers who must keep business going as usual in the midst of upheaval and also implement the plan.

HR must lead on the following:

- retaining key talent;
- handling redundancies and other exits;
- supporting line managers;
- supporting individuals and teams;
- ensuring effective communications;
- re-engaging the 'survivors';
- combining action and learning.

It is important to identify and address sensitive HR issues as early as possible. To equip HR for the task:

- prepare a due diligence database and algorithms for all benefit costs in different countries;
- work out the guiding principles for appointments, relocation and exits – and communicate these;
- carry out a risk analysis on key jobs and talent;
- handle redundancies with care both for the outgoing people and the survivors;
- think about how to support hard-pressed line managers, individuals and teams;
- work out what resources will be needed to support high-quality implementation of job change.

Pay particular attention to the technical and practical aspects of restructuring as well as the human aspects. To make a really effective contribution, HR needs to be able to access key information in a hurry so make sure that your information systems are working properly. Settle the HR structure quickly so that people are not distracted by uncertainty about their own position. Support communication activity and set up help desks.

Use external expertise where appropriate. HR is likely to be involved in redundancy selection panels, the integration project team, new resourcing forums, project working parties and outplacement projects. It may be necessary to pull in extra management and HR resources to cope with work overloads and pressure points – particularly if there are large numbers of leavers.

Be aware that leadership and senior management problems may well occur, including sustaining their level of commitment to executing restructuring.

Retaining key talent

Change disturbs people, even those not at risk of redundancy. If you want to retain key talent for the future, identify them as early as possible in the change process and

let them know. CIPD (2020a) research suggests that people often leave organizations to seek better career opportunities so it is important to persevere with talent management and development during times of major change when key talent is often 'poached' by competitors. Look for opportunities to stretch your key employees by giving them new responsibilities or secondment onto a change project team. Giving key employees the chance to lead some aspect of the change process will keep them involved, interested and learning.

Retention incentives may be needed but 'golden handcuffs' are not always the best option. HR should also encourage line managers to help retain talent by showing understanding for employee concerns, being honest and open and recognizing excellent performance. Managers should find judicious ways to recognize and reward exceptional performance and stay true to the organization's values. Be discreet. If you make too much fuss of key employees, others may feel their own prospects look bleak.

Handling redundancies and other exits

HR may need to challenge specific restructuring decisions and particularly how individual employees are selected for termination. For a whole host of reasons, not least avoiding damage to the employer brand, HR should encourage the line to consider alternatives to redundancy such as internal redeployment, reduced hours/pay, external placements, shared jobs and working, leave of absence and education/learning schemes.

If redundancies are deemed necessary HR must consult openly and transparently with employees and/or their representatives from the beginning of the process. Good pre-planning should help to minimize or offset difficulties in exiting people. HR must work through the planning, logistics, administration and pitfalls of redundancy, the termination process and how it needs to be managed/supported with help from other managers and HR staff, interim managers, legal experts, external agencies and outplacement providers. Providing outplacement and other support to employees being redeployed or whose jobs are redundant gives them access to an impartial external view as well as support from internal experts such as HR.

The way exits are handled will affect not only the people who are leaving (who may become future customers) but also those who stay – the 'survivors'. Both managers and leaders need detailed guidance on how to manage this process sensitively and still maintain 'business as usual' during a period of redundancy consultation. HR should provide training for managers in handling difficult conversations and workshops for leavers via internal/external outplacement providers. In all matters HR must show empathy with people however they may be affected, treat them fairly, and provide reassurance and support.

Supporting line managers

HR must prepare managers to manage change by ensuring they understand restructuring, have specific restructuring roles and accountabilities and are measured/evaluated against these. Managers must keep people focused on 'business as usual' (ie on the customer) even while things are changing. They must make it easier for people to do difficult jobs and reduce stress at a time of uncertainty. So HR can help by:

- Giving managers tools and techniques to manage through change and to handle difficult situations. These include: restructuring, change and transitions workshops/off-site meetings usually facilitated by HR; full briefings from HR and other experts on the technical/legal aspects of restructuring, delivered either before the process or during it; process plans, guides, documentation, frequently asked questions (FAQs), desktop support, scripted interviews, etc.

- Providing line managers with support to manage their own stress levels so that they can better support their teams.

Supporting individuals and teams

Of course people have different degrees of resilience to change; however, if people feel well-equipped for change and are involved in decision making they are more likely to recognize change as opportunity than as threat. So it's important to:

- Avoid becoming drowned in a spate of project work that prevents you from supporting others. Use consultants and others to spread the load.

- Keep your finger on the pulse of employee morale and watch out for vulnerable individuals. Provide access to practical support and counselling. Arrange open-access change awareness workshops for employees; provide team building for new or transitioning teams.

- Encourage top teams to be visible, build trust, show respect and help people to say farewell to the past.

Ensuring effective communications

A key principle of change communications is that you cannot over-communicate. Communication must be consistent and also meaningful to recipients. As we have discussed, people typically experience various emotions as a major change process unfolds and some of these phases can be anticipated and planned for.

First people must understand why change is needed. When initiating change executives must set the context by communicating to all staff what the organization is trying to accomplish and how it must change. They must spell out the link between

the change programme and the long-term strategy, making clear the goals/objectives and key milestones (Mohrman, 2007). However, recognizing that in major change there will be many overlapping change initiatives and continual adjustments occurring, leaders must remain in active communication with employees throughout, the more 'two-way' the better.

COACH LEADERS AND MANAGERS IN EFFECTIVE COMMUNICATIONS

Working closely with communications experts, HR can help coach senior managers in how to communicate effectively, especially face to face, during a potentially challenging period. 'Engaging leaders' provide a strong strategic narrative and vision that glues together the organization and aligns individual, workgroup and company goals (MacLeod and Clarke, 2009). The vision derives from the organization's higher purpose and should be an idea so simple, so powerful, so compelling and so insightful that it unifies the organization and drives everything they do. Fundamentally it answers the question 'Why?' Why should I care? Why does it matter?

A variety of forums and channels, (including virtual but especially face to face as in town-hall meetings and roadshows) can be used. People typically want to know why the change is happening and, most particularly, how the change will impact them and if they will still have a job. If so, they will want to know what their role will be and whether they are winning or losing with respect to career prospects and terms and conditions. They will want to know how they can succeed in the new organization, how performance will be managed and what training and development will be available. So communicate the timetable by which answers to such questions will be known – then stick to it.

To create a climate for change real dialogue is needed. So an effective communications strategy will gradually incorporate two-way communications so that people can start to gain a sense of ownership.

TARGET SPECIFIC COMMUNICATIONS AT DIFFERENT GROUPS

Employees will be affected by change at different times. HR should ensure that external and internal communications are professional, well-targeted and timely, and work with managers to localize messages. Front-line staff need early briefings about what is going on so that they can deal with customer queries in a way that sends the right messages.

As the change process unfolds HR needs to keep closely tuned in to how people are feeling, checking that people understand what is happening, how the change will affect them and what the way ahead looks like. Major change can help employees to 'pull together' but people need to believe that change was the right thing to do. Since the benefits of change may not yet be obvious, the reason for the change may need to be reiterated often. When tough decisions must be taken, people need to feel confident that the right decisions have been made and that all concerned have been treated fairly.

HR is a vital conduit between employees, their representatives and management, and employees must have opportunities to raise their concerns. HR must make senior management aware of key people risks so that these can be addressed. It is important to maintain employee surveys, pull out key areas for improvement and act on feedback. During one major acquisition the HR manager set up an integration website where employees could feed back thoughts, feelings and questions to which HR would respond. The annual employee survey reflected an improvement in engagement levels.

Re-engaging the 'survivors'

Organizations must make special efforts to re-engage employees who remain, including acknowledging the losses people might be feeling (especially about colleagues who have departed and their own changes of role). So it's crucial that managers do not adopt 'bunker mentality' during times of crisis, letting communication and teamwork lapse. They must make the first move to reassure anxious employees whose confidence in the company's direction may have waned. They must be honest, forthright and communicate with employees with greater frequency, give regular updates on business performance and the financial position, where possible sharing recent successes, as well as reaffirming values and communicating the organization's new strategy and business plans, priorities and targets. Concentrating on the positives achieved during the first wave of change influences and motivates people for the next wave of change. New structures, roles and ways of working can be confirmed and a return to the new 'business as usual' can be heralded.

This should not be just top-down communication (which can actually hinder engagement) but honest and genuine dialogue, which builds trust. HR can also help people see the bigger picture by connecting the dots between the multiple initiatives that typically accompany strategic change; from their vantage point they are better able to see the pieces. By so doing they reduce uncertainty and help people cope better with change. In many organizations HR has helped the CEO to communicate directly with employees by becoming a regular 'blogger'; HR is also often instrumental in setting up 'innovation teams', organizing visioning/team-building workshops and awaydays that point to new beginnings.

Accelerating change

More generally HR can accelerate change through the following change leadership activities:

- Define the new employment relationship. Bring people together to discuss what the new organization is expecting from them in terms of the new design/job/performance requirements and the new behaviours required. This is about defining what success will look like and how it will be rewarded.

- Help people succeed. Work with line managers to design stretching roles that provide development opportunities and real business value. Ensure that employees can integrate well into new teams and are clear about the way ahead. Help people develop the skills and competencies they really need, integrating business-relevant learning and role design. Create opportunities for individuals, teams and units to learn and develop, eg through mentoring, online learning, team development sessions, training programmes, visiting other organizations, sharing examples and ideas. This is about giving people time and other resources to learn without fear of punishment if they make a mistake as they experiment with new approaches.

- Keep talent management in focus. Recruit the right people. Good-quality appointments matter – they are hard to undo. Populate the integrated organization with high performers, especially in line management roles, even though this might not appear equitable at first.

- Ensure that existing staff have the chance for learning and growth. Many employees will wish to reassess their personal and career development needs as a result of change. It's important that HR restores people's faith in the employer brand by providing support, guidance and coaching and developing fluid career tracks so that people can still progress their careers even in challenging times. It's about giving people a chance to change roles/re-energize themselves and the organization.

- Build a performance culture. Train line managers how to coach and develop their teams, how to clarify goals and priorities and hold people to account.

- Encourage the establishment of cross-functional and cross-organizational teams to work on major new initiatives. Work with an OD consultant to assist in this process.

- Keep performance management and other people processes simple. Encourage managers to set clear short-term objectives.

- Help people feel valued. Use non-financial benefits, eg forms of recognition that matter most to people and opportunities for flexible working. Provide a sense of purpose and progress. Honour the past and celebrate success in the new era. Stabilize and share the benefits.

To sum up, there is a hard business case for taking the people aspects of change seriously. HR needs to develop a credible, fast-moving response to both the short- and longer-term implications of transformational change. Through skilled HR planning, organization design and development interventions HR can make a substantial contribution to sustainable business success.

About culture change

When it comes to successfully implementing strategy, culture or 'the way we do things around here' probably has more impact than anything else. It is no good having a strategy that calls for intensive customer focus if the organization's norms, standards, working practices and values focus people's energies and behaviours in another direction. As Peter Drucker said, 'culture eats strategy for breakfast'.

Culture change essentially involves people changing their behaviour. It can be triggered by many factors, such as a new CEO, or a business crisis, or a merger, or when an organizational culture has become 'toxic' and low-trust – that's when 'silos' and internal politics cause the organization to become inwardly focused and slow to respond. Symptoms are evident in 'blame cultures' and departments being unwilling to share resources.

Many cultural issues are to do with power – people's use of, or lack of it. The examples set by top leadership can breed sub-optimal behaviour in others. Dysfunctional leadership teams are often poor at decision making. In strong, successful and arrogant cultures a controlling and punitive leader will tend to become surrounded by 'yes people', executives may become complacent about their brand and miss clues about how the marketplace is changing.

Another category of cultural challenge concerns the degree of mismatch between the preferred (espoused) cultures – reflected in organizational value statements – and actual practice (cultures-in-use). For instance, if a company advocates teamwork and ethical conduct but promotes individuals who act exclusively in their own interests, people know what really counts. Similarly it is of little use to claim that the organization celebrates diversity when its HR and management practices are far from inclusive. When managers in particular fail to 'walk the talk' on values and when there is also a legacy of failed change efforts, employee cynicism soon grows and makes managing change more difficult. New recruits who were attracted to the organization by a strong 'employer brand' may find the reality very different. Even the 'right' people cannot thrive in the 'wrong' environment.

However, since organizations are complex adaptive systems, deliberate management-driven culture change is rarely effective. Moreover Lewin (1948) maintained that it is fruitless to concentrate on changing the behaviour of individuals because in isolation individuals are constrained by group pressures to conform or else be rejected entirely. The focus of change should be on changing the context to alter the habits and routines, creating 'disequilibrium' in factors such as group norms, roles, interactions and socialization processes. Consequently, culture change is primarily about working with group dynamics and managing meaning through information and relationship networks. CEOs therefore need to demonstrate some understanding of group dynamics and, by creating new groups, alter the quality of 'between-ness' of people, groups and organization.

Principles of culture change

For cultural shifts to be sustainable, the following principles apply:

- Root culture in performance and the job to be done – thereby ensuring relevance. Otherwise people (including leaders) are likely to revert to operating in their old ways, thus limiting the organization's ability to implement its new business strategy and design effectively.
- Leaders must demonstrate obvious commitment to change, set and model the climate for individuals, teams and business units to change.
- It's about practising new behaviours, not changing attitudes.
- It creates experiences and opportunities for people to behave in new ways.
- It involves recognizing and working with intellect and emotions.
- Cultural change takes time, is not linear or 'programmable'; uncertainty, ambiguity, risk and setback are inherent.
- Critically, it must be implemented in a way which reinforces the new ways of working.

Leaders and culture change

Leaders at all levels have a profound effect on the culture of organizations. According to Schein (2004) the dynamic processes of culture creation and management are the essence of leadership; leadership and culture are two sides of the same coin: 'I believe that cultures begin with leaders who impose their own values and assumptions on a group. If that group is successful and the assumptions come to be taken for granted, we then have a culture that will define for later generations of members what kinds of leadership are acceptable. The culture now defines leadership.'

Thus culture emanates from leaders' **beliefs** about 'success', which are translated from **core values** – 'what's important' and come to be represented by **norms and behaviours**.

Leaders transmit and embed culture through what Schein calls *primary embedding mechanisms*:

1 what leaders pay attention to, measure and control;
2 leader reactions to critical incidents and organization crises;
3 deliberate role modelling, teaching and coaching by leaders;
4 criteria for allocation of rewards and status;
5 criteria for recruitment, selection, promotion, retirement and excommunication.

And through *secondary articulation and reinforcement mechanisms*:

1 organizational design and structure;

2 organizational systems and procedures;

3 design of physical space, facades and buildings;

4 stories, legends, myths and parables about important events and people;

5 formal statements of organizational philosophy creeds and charters.

Many failures occur when CEOs try to transfer what works in one organization to another without referring to the new situation. Such top-down approaches can breed a sceptical workforce.

Peter Senge (1999) argues that the interplay between three groups of leaders is crucial in sustaining change initiatives. These are:

- *Local Line Leaders:* People who are accountable for results and have sufficient authority to undertake changes in the way that work is organized at local level.

- *Internal Networkers – 'Network Leaders':* People who have an enabling role and are natural 'seed carriers' of ideas, support and stories throughout the organization.

- *Key Executive (Senior) Leaders:* These have overall accountability for organization performance and create the conditions for others involved directly in value-producing activities to be successful by:

  o setting the tone and 'walking the talk';

  o leading the change movement, championing its reasons and benefits;

  o putting support into the change process;

  o positioning it as a top priority;

  o giving clear messages;

  o measuring change outcomes, holding staff accountable.

It is on the acceptance and agreement of these 'key groups', and their competence in implementing change, that the success of culture change critically depends. They must align organizational elements and accept that this takes time. If not, culture change gets displaced by other organizational priorities. HR and OD specialists must ensure that all groups of leaders understand their role in culture change, provide feedback and challenge if leaders' behaviour is inconsistent with values.

Help people become aware

In contrast to top-down leadership approaches, emergence methods are based on the belief that distributed leadership will sustain change; therefore that those who will be most affected need to be directly involved. 'Change the patterns of participation, and you change the organization. At the core of the 21st-century company is the question of participation. At the heart of participation is the mind and spirit of the knowledge worker...' (Seely Brown and Gray, 1995).

Unless there are obvious reasons for changing the culture, and strongly shared principles and values to validate the need for change, culture change will be seen as going through the motions. Therefore people must become aware of how the culture really operates and identify what degree of change is both possible and desirable. Leaders can raise people's awareness of the need for change by exposing them to contexts and experiences where real change may be occurring outside the current remit of the organization. System members need to audit 'our way of doing things' in every key dimension of the company – shared assumptions, beliefs, values, norms, especially the covert ones – and the institution-limiting patterns of behaviour they generate. Ideally such audits should essentially be conversations. Recognizing that the group is the basic unit for stimulating and sustaining change it is important to find out what the group identify with and help them determine what keeps these patterns of behaviour in place – for instance in strategy, operations, structure, role design, human resource management or leadership.

Leaders must be able to engage and enthuse people in shaping the change, tap into their knowledge, experience and build their ownership of the future state. Employees need to know that their ideas and potential solutions are needed. Dialogic, discursive or conversational approaches assume that organizations are co-constructed realities; energy is as important as the logic of change; that people need to participate in planning change from the beginning to 'personalize' the change. This is the kind of dialogue that helps employees understand the purpose of change and have the opportunity to redesign how they work in order to deliver value to the customer. Therefore co-construction – not consultation – is key to releasing energy. As Wheatley and Kellner-Rogers (1998b) point out: 'Participation is not a choice... people only support what they help to create. Life insists on freedom to participate and can never be sold on or bossed into accepting someone else's plans.'

Change can be accelerated through inquiry, generative interconnections, changing conversations, building and drawing on existing and new networks. These methods focus less on diagnosing the current system than on developing narratives or 'stories' that will help establish a more effective way of organizing. So rather than polishing up their communication plans leaders 'need to focus equally on starting the conversations that enable the development of new *shared meanings* of the logic of the changes and *new agreements* about how people will work together to accomplish something new' (Mohrman, 2007). Within this context people can figure out how they can contribute in ways that make sense to them. Having a formal process where people can try things out and learn from success and failure is important.

Peter Block (2008) also argues that the most important thing leaders can do is to create the opportunity and process for people to discuss/debate both what is happening and how to make change go a bit faster. In essence culture change is about generating a social movement, ie 'a voluntary collective of individuals committed to promoting or resisting change through coordinated activity, to produce a lasting and

self-generating effect, and creating as they do a sense of shared identity' (Bibby *et al*, 2009). Such networks not only carry out learning reviews; they can also provide feedback and 'feed forward'. With a focus on learning as a personal and group activity, and as a means of influencing others, the change process should not only result in a more successful business but also help employees grow and prosper.

To mobilize a critical mass to move in the same direction use large-scale engagement methods, rather than 'cascade and tell' methods with one group at a time. Encourage people to co-create the future that matters to them – as people support what they help to create. Use the human network to spread the positive virus. IBM, for instance, runs a 'Values Jam' with worldwide participation online. People have the chance to talk about and make sense of what is happening; the process creates energy and momentum to create significant change. The conversations people have are less about 'when will change be over?' and more about 'what's the next change?'

Of course in power-based cultures these newer forms of OD may seem threatening to leaders and to people who think leaders should provide all the answers to the organization's problems. It is vital that there is genuine support from top management for such practices, so the management team must model openness and be prepared to take ideas on board.

TO 'CHANGE', 'STRENGTHEN' OR 'BALANCE' CULTURE?

Another way of thinking about developing culture derives from the work of Stokes and Harrison (1992). They argue that it is better to think more in terms of 'strengthening' and 'balancing' an organization's culture than of *'changing'* it. *Strengthening* a culture involves intensifying the culture's expression, especially its higher aspects, and doing the same things, only better. *Balancing* a culture is the approach to use if you want to preserve the culture's benefits, add countervailing elements or encourage cultural differentiation. It is only when some aspect of culture is a real impediment to success that talk of *change* is relevant. Even then, '... often change need not be cajoled or coerced. Instead it can be unleashed' (Kelman, 2005). It's therefore important to identify which aspects of the organization's culture to strengthen or adapt so that change is sustained and take action (eg aligning structures, performance management, reward, behaviours or skills) to address these changes.

Appreciative Inquiry (Cooperrider and Srivastva, 1987) is perhaps the best known of the strengths-based approaches. Appreciative Inquiry (AI) assumes no inherently real form of social organizing to be discovered; instead AI seeks to provoke new constructive ideas that will produce self-organizing change. For example, two UK NHS hospital trusts were in the early stages of merger. Forty people from each trust were trained in AI and began a process of inquiry into each others' organization to understand what happens when the best patient care is being delivered. As people pooled the intelligence arising from this exercise, they realized that aspects of both trusts' practices would be helpful in delivering good patient care but that something

new would be needed to allow previous standards to be exceeded. Starting from a strengths-based approach allowed new ideas to be discussed without defensiveness.

By seeking to use inclusive approaches from the outset and progressively engaging the whole organization, leaders have a better chance of succeeding in their aims since staff will feel a sense of ownership of improvements and will better understand how change plays into the organization's journey. Change will then become second nature and part of everyone's job.

HR's role in changing cultures

There are many ways in which HR plays a role in shifting culture, including by developing effective policies. One of the key areas requiring culture change in many organizations is diversity and inclusion.

Diversity and inclusion (D&I)

In recent years workplaces have become ever more diverse, reflecting changing demographic patterns and marketplace trends. For instance, the ending of the default retirement age in Europe has led to both the 'ageing' and the so-called 'four genera- tion' workforce. Diversity and inclusion (D&I) have become high-profile topics in recent times and have gained greater urgency in the wake of various outrageous events that hit the headlines and active campaigning by protest movements such as Black Lives Matter, LGBT and #MeToo activists. These have raised public awareness of racial and other forms of injustice and a desire to end unethical practice in all walks of life. Indeed, so contentious are these issues that some companies withdrew advertisement revenue from Facebook because of its poor handling of hate speech.

Against the backdrop of coronavirus, what connects these seemingly different issues is health and well-being. As Brown (2020) points out:

> the virus has in many ways intensified existing inequalities, with low paid jobs such as care workers, predominantly held by women and with heavy BAME-over-representation, suffering both the worst health (in terms of highest mortality rates from the virus and lowest levels of sick pay plan coverage) and economic outcomes (likelihood of being furloughed and made redundant).

It has become increasingly apparent that without equity and compassionate, inclu- sive, people-centred workplaces, health and well-being suffers and, in turn, so does productivity. In the workplace, long-standing inequalities between groups remain largely unresolved. For instance, in the 2018 Global Gender Gap report by the World Economic Forum (WEF), the average gender pay gap was assessed as 32.0 per cent despite many high-profile campaigns to close such gaps.

Diversity and inclusion is a complex area with multiple strands of issues, legal frameworks and frequent legal minefields. To improve diversity and inclusion at societal and workplace level, governments need to take a lead. But businesses too must step up to make pledges to improve their diversity, eradicate ethnic pay gaps and to ensure greater representation at top levels of their businesses. According to Dr Duncan Brown (2020):

> we not only need gender pay reporting fully restored, but it needs to be extended to cover ethnicity and disability. And employers need to be forced to publish a much wider range of people management statistics – the numbers of workers on minimum wages and zero-hours contracts, their sick pay and maternity policies, rates of absenteeism and staff turnover – so that we as consumers, investors, possibly future employees, and as a society can choose which organizations we want to invest in and support.

However, the coronavirus pandemic has resulted in a further lack of reporting, even though information and its transparency will become even more important if the situation is to improve. Improving the quality of D&I data is essential, for example tapping into sources of information beyond internal HR systems such as EAP providers, health insurers, group risk insurers and even pension providers who may have data on employees relating to diversity.

The pandemic has, however, given impetus to addressing issues of diversity and inclusion. Working from home has enabled more people to contribute in new ways. Yet with many employees now working from home on an apparently permanent basis, feelings of isolation and employee perceptions that their employer's overall environment is not inclusive may grow, perhaps because of perceived inequitable access to resources or support (McKinsey, 2020b).

Organizations and teams should not miss the opportunity of crisis to introduce new, improved habits that increase a sense of connectivity and fairness. Instead of treating diversity and inclusion as a tick-box compliance exercise, organizations should be looking to build inclusive work environments, which embrace all employees and enable them to make meaningful contributions, whoever they are and wherever they are located.

Building an inclusive work environment doesn't just happen; it requires sustained effort and HR in particular must take a lead in creating an inclusive culture. The systemic nature of prejudiced practice requires an OD lens and determined action to identify and overcome many of the business, structural and other obstacles that get in the way of developing a productive, diverse workforce.

Discriminatory biases need to be exposed and weeded out. Biases are often embedded, for instance within artificial intelligence (AI), which is increasingly used in recruitment processes to screen potential candidates, for instance using facial recognition and other software. As a result, AI renders many women and people of colour invisible. These biases may result from the lack of diversity in the field of artificial

intelligence itself. WEF (2018) found that in 2018 only 22 per cent of AI profession-als globally were female, compared to 78 per cent who were male. Similarly, Black workers represent only 2.5 per cent of Google's entire workforce and 4 per cent of Facebook's and Microsoft's. Considering the growing role that AI plays in organiza-tions' business processes, in the development of their products and in the products themselves, the lack of diversity in AI and the invisibility of women and people of colour should be a matter for concern. If these biases are not addressed soon, they risk provoking many crises.

MAKING THE CASE FOR WORKPLACE DIVERSITY

To improve diversity and inclusion, HR must make the case for a programme of change, producing the financial, moral and performance-based arguments for work-place diversity and inclusion. HR must emphasize company culture and branding, during and after the crisis, and help managers and leaders understand the link between D&I and business outcomes (including crisis resilience). For instance, as well as being the right thing to do, inclusion leads to better business outcomes since workplace diversity brings different perspectives on how to approach tasks. 'Diverse senior management teams are more likely to focus on innovation and have been found to be more likely to introduce product innovations than homogeneous ones' (Levine, 2020; McKinsey, 2020a).

Moreover, a lack of diversity robs organizations of potential key talent. McKinsey (2020a) research found that 39 per cent of all respondents say they have turned down or decided not to pursue a job because of a perceived lack of inclusion at an organiza-tion. Gartner (Bryan, 2020) has found that it is the youngest employees (Generation Z) in particular who most aspire to work for organizations that value diversity.

In the wake of the pandemic HR and many business leaders are seeing that the barriers to change, and to leaders' readiness and willingness to engage in diversity and inclusion, have softened or even dropped completely. So, when making an evidence-based case for change, HR may be pushing at an open door.

Taking stock of your organization's practice with regard to diversity and inclusion is the first step. Start with the data – is your organization ethnically diverse? Are your policies and practices underpinned by principles that actively celebrate and encour-age differences as well as ensuring fairness? How does D&I in your organization link with business strategy? Is it business critical? Is there a business framework where measures, incentives and sanctions are crystal clear for managers? Are you winning or losing on creating an inclusive workplace? Not just on the gender pay gap but more broadly on a variety of diversity and inclusion issues. If not, what are the structural and cultural barriers that are maintaining workplace inequalities?

WHERE TO FOCUS

So, if you held a mirror up to the policies and practices in your company, would you win a national diversity award? Are you leading diversity best practice or trailing a

long way behind doing just enough to meet the legal requirements? It can be hard to work out where your organization stands and how to communicate that in a way that doesn't polarize employees or customers. Companies still tend to work independently on this rather than in cooperation with others. Finding at least one other company to partner with, or joining, or establishing, a benchmarking club helps you gain an 'outside view' of your company practice based on a reference class.

To help your leaders connect with the whole company and understand whether everyone feels included, it is vital to listen to, and learn from, the experience of individuals and groups who may feel unfairly treated. Do you have mechanisms in place through which employees can voice issues about inequality and their opinions on what needs to change? To what extent do the different diversity groups feel included in your company with regard to recruitment, promotion, assignments and performance measurement? What are the problems and obstacles that get in their way?

Diagnosis of course is a form of intervention that can produce positive change. By garnering and assessing information from a variety of sources and providing deep-dive reports for senior management, HR can highlight areas where action is most likely to produce positive movement on difficult issues.

Take selection and recruitment, for example. How can you ensure that your recruitment practices eliminate bias and discrimination – what channels are you using to recruit talent? Are you varying how and where you are doing your outreach? Are the images and language you are using inclusive and not putting people off from applying to your organization? If you have a recruiter acting on your behalf, are they aware of your values and commitment to diversity? Are you confident that your line managers are recruiting fairly?

Many organizations now adopt gender, age and racially neutral recruitment practices and 'blind' job posting to ensure that the right candidates are not overlooked. According to Gartner (Bryan, 2020) 'It takes an intentional focus to unbias those talent processes and management of teams to make sure that all your employees are having an equitable experience'. It's important to check all HR processes, including benefit and reward design, to make sure they are free from unintentional bias. As Gartner (Bryan, 2020) point out, 'You don't just need to have diversity, you have to have inclusion to actualize it'.

HOW TO SUCCESSFULLY CULTIVATE A DIVERSE WORKPLACE

Even within the most seemingly inflexible companies there are many ways to implement a programme for change within the formal system. Creating diversity plans for specific groups of staff can be both time consuming and difficult and may require expert advice on any potential legal issues that might trip you up. In all of this complex consultation, it's all too easy to overlook the most important player of all, your target audience. Therefore ensure people who will be served by the approaches are part of the decision-making processes to create them. Focus on the people who

will take part, not only on how you will recruit them and how you will launch the initiative but how to engender a collaborative mindset for connectivity.

For instance, in one company, all of the diversity network groups were on board with the proposed diversity leadership programme early on. Even before there was a draft plan, the key players were closely involved to better understand what people would want, and especially what features might seem patronising or offensive. In contrast, another company introduced a mentoring programme for high-potential women in junior roles with minimal consultation or open discussion. The response was polite disinterest; while some women employees appreciated the idea, most found the design of the mentoring scheme, and in particular the assumptions made by its well-intentioned organizers, to be condescending.

BEHAVIOUR CHANGE

Creating an inclusive environment is less about formal system changes, and more about the informal behaviour of individuals (leaders and peers), who make inclusion a conscious daily practice.

Team leaders in particular must demonstrate inclusive behaviour because effective people management involves supporting all employees and ensuring they can make meaningful contributions. Addressing unconscious bias has become a default element of many learning and development programmes for managers. The challenge is to back up increased awareness with measures that bring about meaningful change in people's behaviour.

Given the growth of remote working, social isolation is likely to become a key mental health issue. Research by Qualtrics found that 75 per cent of all respondents said they felt more socially isolated than before the pandemic began and that the longer people worked from home, the more mental stress they experienced. Specifically, after two or more weeks working from home, people were 50 per cent more likely to say they had more chronic sadness and fatigue (Qualtrics, 2020).

HR must work to ensure that staff are protected from undue stress, for instance by supporting and coaching managers to understand what inclusive behaviours look like in a high-stress remote environment and how they can help all employees to feel included. KPMG, for instance, has expanded employee assistance programmes, offers weekly mental health webinars and makes all kinds of support available from text-based counselling to meditation and online exercise classes.

One leading energy company has made building trust and inclusion one of its five strategic aims for behaviour change. They have developed positive and negative indicators of such behaviour to help experienced/mid-level managers understand what this means in practice.

Positive indicators include:

- Greets others authentically and builds rapport, making people feel welcome.
- Shows genuine interest in people, both professionally and personally.

- Respects the differences that people bring in their thoughts, ideas and opinions.
- Encourages the sharing of viewpoints and experiences to enhance outcomes.
- Listens and responds to others' contributions when they share in order to make them feel listened to and included.
- Creates a legitimate and safe structure by which people can openly raise matters that might otherwise incur conflict or misunderstanding.
- Schedules meetings with care to ensure people can attend, allowing wherever possible for individuals' circumstances.
- Effectively manages any conflict between team.
- Develops and fosters a positive team spirit and working environment.
- Manages team effectively to avoid excessive pressure on particular team members or at particular times.
- Encourages and enables people to develop themselves and reach their potential.
- Leverages the diversity within their team and plays people to their strengths.
- Proactively manages own development, seeking feedback and opportunities to learn and grow.

Negative indicators include:

- Focuses principally on own agenda rather than that of the team or shared benefits.
- Does not encourage others' input.
- Is openly derisive of others' input.
- Suppresses differences of opinion.
- Conceals matters to prevent involvement.
- Shows little respect for individual differences.
- Comes across as aloof and disinterested.
- Decides without regard for people impact.
- Personal mood dictates their style negatively.
- Allows conflict or ill-feeling to go unaddressed.
- Excessive pressure re-occurs on the same people, and/or at regular times.
- Fails to provide clear direction or motivation.
- Allows inappropriate behaviour and under-performance to go unaddressed.
- Blocks movement of talent, keeping good people at the detriment of individual and organization benefits.

Managers are assessed on how well they demonstrate such inclusive behaviours and coaching is available to those who struggle. Managers who are unable or unwilling to demonstrate positive behaviours with respect to inclusion are moved to non-people-management roles or leave the company.

MEASURES

If you don't measure it, then don't be surprised to find that little is likely to change. To make sure your company is on track, think about what measures – the 'sticks' as well as lots of 'carrots' to encourage people – will be used to assess and reward diversity progress. So, what does 'good' look like? How will everyone around here know that we are creating sustainable change in terms of diversity and inclusion? Even having the conversations makes a difference and fortifies you for the next phase of the journey.

NOT JUST NETWORKS… NETWORKS WITH IMPACT

Creating networks for different diversity groups is valuable but too many companies mistakenly think that giving employees permission to run a volunteer network on a shoestring is sufficient. While it may show some commitment on the part of the company, employee networks or resource groups (ERGs) of underrepresented talent who support each other are most likely to make a big impact if you match each one with a different senior champion – someone who is already at board level who can access resources and promote and facilitate what the network needs. Leaders play a pivotal role in shaping the dynamics in their team and in their organization. They will also learn a good deal in return. ERGs can act as agents of change, advising senior leaders as well as HR on what they can do to help create a more diverse and inclusive environment.

Is there a senior champion for diversity and inclusion? Not just a figurehead who will make gracious appearances now and again but someone who will drive forward the programme in the same way as for any other business imperative, for instance ensuring there is a realistic resource – of people and finances – and clear individual or departmental measures of success.

REINFORCE POSITIVE BEHAVIOURS

Beyond values statements, rewarding – and showcasing– early achievements will make a big difference for diversity and inclusion since actions speak louder than words. Find people who will be local champions, create department awards and encourage a bit of competitive spirit to reward and showcase who's achieving most. You may be surprised how useful this is.

Of course, the journey towards diversity and inclusion takes time and effort; it requires a good deal of planning and constant attention, so building in pauses for reflection and learning is essential. Building inclusive and diverse organizations is feasible and requires an OD lens through which to identify how to make a big difference. As Edgar Schein (2016) points out, 'the ability to perceive the limitations of one's own culture and to develop the culture adaptively is the essence and ultimate challenge of leadership'.

Training as an enabler of cultural integration

The following case study outlines how training can be used to effect cultural integration in a way that meets both business and employee needs.

CASE STUDY
Ashfield Meetings & Events

Ashfield Meetings & Events is the product of a merger of two leading event management companies – Universal Procon and WorldEvents. From the outset, aware that merging two companies with different cultures could cause disruption, Ashfield management set out to understand the potential negative impact on the business and develop strategic plans to counter these issues.

In order to better understand the thoughts and feelings of staff in the combined company the company undertook the Denison Culture Survey in 2012. This survey measures an organization's progress towards achieving a high-performance culture. From the survey it was clear there were some weaknesses, especially surrounding the company mission and consistency across the newly merged company. It was clear that employees needed to be informed about the company's future. Senior management accordingly asked employees to work with them to help develop and clarify the company's mission and values.

Similarly the capability development and learning segments of the Denison model showed scope for improvement. As the company had grown it was essential that everyone continued to meet Ashfield's minimum standards and knew exactly what steps to take to get there. It was imperative that all staff operated at a high standard in terms of legal compliance and were familiar with the latest legislation that governs how they do their day-to-day jobs, and also with advances in technology, changes to preferred suppliers and Ashfield's internal standard operating procedures and best practice.

The 'Bitesize' programme

Ashfield employed a dedicated training & development manager to identify and help prioritize requirements. The events industry is fast paced and time demanding. Therefore taking employees out of work for sessions to make changes to the company culture was not practical. The 'Bitesize' training programme was conceived, developed and introduced in 2013 and is now an ongoing programme. The aim was to provide training that was up to date, accessible and relevant to each individual and of such value that employees wanted (and felt they had time) to attend.

As the name implies, Bitesize sessions are short (usually just an hour long), interactive and informative and available in a range of formats including face to face. The project was implemented in agile fashion on a quarterly basis to overcome any obstacles and ensure the courses are aligned to the company culture. So while some sessions are compulsory, the

nature of the programme is fluid, ever-evolving. To ensure that training is relevant to employees' day-to-day tasks, employees are invited to put forward suggestions of what subjects they would like to see scheduled for the future. In 2013–14, 74 Bitesize courses covering 33 topics were run or made available in seven countries. On average each employee attended six courses in the calendar year.

Along with 'Capability Development', 'Empowerment' also scored low on the Denison survey, so management also wanted to give employees a platform to feel empowered and take control of their own development. Many courses are aligned to soft skills to develop employees' personal skills and attributes. Employees are provided with the information and tools to develop their career. They are empowered to sign themselves up to Bitesize sessions; these are scheduled six months in advance to enable employees to plan ahead. Training attendance is reviewed regularly with their line managers during one-to-ones and guidance is provided on which courses are suitable for each individual's development. The training also ensures employees have opportunities to network, learn relevant skills and share best practice across a broad range of subjects.

Bitesize is harnessing the plethora of expertise that exists across the company and anyone from senior project executives to business directors can run Bitesize sessions. Management believe that exposing employees' knowledge and sharing best practice incentivizes individuals while also raising their profile within the company. There is a strong correlation between attendance at Bitesize courses and internal promotions. Indeed 70 per cent of promotions in 2013–14 went to people who had run Bitesize courses for their colleagues.

Benefits

To date Bitesize is proving an effective way of communicating with employees and rolling out new processes and procedures. The Bitesize training forms a key part of new starters' induction programmes, allowing them to fit into their new roles quickly and with all the tools they need. It also forms a key part of each employee's staff development plan, which is monitored regularly through appraisals. Also, Ashfield partners with preferred suppliers to deliver specific Bitesize training sessions in-house, which allows for a higher level of interaction – as well as higher uptake levels – than standard supplier visits. As well as training staff this allows Ashfield to foster meaningful relationships with key suppliers.

The Bitesize courses help to motivate employees, keeping them up to date on matters that allow them to perform to the best of their ability and enhancing relationships across the business by sharing best practice. By delivering process change in this format Ashfield has seen a more efficient transformation and fostered a more collaborative workforce. Ashfield regularly receives feedback from clients praising employees for their knowledge and professionalism.

A year on from the start of the Bitesize course, Ashfield Meetings & Events undertook the Denison Culture Survey again. In just twelve months the initiatives introduced saw Ashfield's percentile leap from 41 per cent to 90 per cent. It was clear from the results that the Bitesize

courses were having the desired effect within the company, improving the scores surrounding the company mission and consistency. All employees now have a much clearer understanding of the overall purpose and direction for the company moving forward. This improvement is clearly felt within the business as a whole and has indicated the need for the Bitesize course to continue. In the same period Ashfield has registered double-digit EBIT growth during a challenging period for the industry.

As this case study suggests, giving people voice, helping them develop the skills to do their jobs well and giving them responsibility for managing their own development can lead to greater agility and resilience. Empowerment is a common thread running through individual performance and the empowerment principle needs to be embedded as the new 'way we do things around here'. So after aligning on a common purpose, an organization needs to make purpose concrete through a set of quality standards: priorities that guide front-line staff in delivering the desired customer experience. When people are trusted to do their job and given clear expectations rather than an instruction manual, they feel more valued and empowered – qualities that can't help but show in the customer experience they provide.

To stimulate culture change

- Grapple with the culture as it really is; work with the power brokers to expose the reality. Ask 'naive' and even 'impertinent' questions. 'Why are we doing that this way?' 'What purpose does this serve?'
- Discover in particular the culture of the leadership team. Use 360-degree feedback and survey results to get through to senior managers if they are difficult to reach. What is their attitude towards the culture change? Where are the individual and collective gaps in terms of readiness and capability?
- Are all change leaders clear about their roles and objectives?
- Are they actively and positively engaged?
- Do leaders and managers demonstrate desired cultural attributes? Is there effective role modelling?
- Craft a leadership strategy, focusing both on leadership bench strength and future top talent. Such a strategy should also focus on developing the collective capability of individual leaders and a shared leadership culture. What types of ownership management/transition management processes should be put in place?

- Transform the executive team. Coach senior leaders (both individually and as a group) to develop their readiness for leading culture change.

- Link culture change to every key project, programme or change effort. Encourage employees to care intensely about executing strategic objectives. This makes sense since many change efforts fail because they do not take account of cultural realities.

- Establish action teams made up of high-potential and other leaders who work across boundaries to develop new and better ways for the organization to operate.

- Support provocateurs and mavericks.

- Focus and magnify. In one organization there was sustained criticism by employees about the poor management communications. Instead of attacking dysfunctional attitudes and norms, the HR team flooded the place with action strategies for improving communication. The formal campaign lasted a year. By that time there were enough converts to this new mode of thinking, and enough champions promoting it, that the new culture drove out the old.

- Actively promote the new values. If you want a different culture, mount training programmes that promote it. Develop a supportive infrastructure. Shape group norms through incentives.

- Use symbolic acts to mark the transition from the old culture to the new. Relax or remove 'old' rules and controls. While in themselves they do not change anything, they send powerful messages.

- Build trust: this is a vital cornerstone of a change-able culture – not 'blind' trust, which is doomed to disappointment, but trust based on reciprocation and people doing what they say they will do. This applies to (top) leadership in particular (who stereotypically in times of change become less trusted by employees) and also to HR. Act on some aspect of the employee survey findings to show people that management has listened and also intends to make people's lives a bit easier. Trust has to be earned.

- Celebrate milestones in fighting outmoded values and norms.

- Align talent processes and recruit people with flexible and collaborative mindsets.

- Give people tools to be self-managing. Ensure that people have a clear line of sight to the purpose, mission and goals of the organization through their day job and have the chance to develop and grow in roles that have some 'stretch'. Work with line managers to create positive work environments so that people can feel part of a winning team. Ensure that people can gain appropriate reward and recognition, even if much of this is non-financial. Employees then become the vocal advocates of the new culture.

Conclusion

Today's challenging business context makes understanding organizational culture and how to bring about change more relevant than ever. Since we can confidently predict that the context will keep on changing, organizations will need to reconfigure themselves many times in pursuit of greater agility. As we have discussed, transforming organizations and changing cultures is not easy. The gateway to success for all types of change is to engage key staff in the changes sufficiently that they help shape sustainable change outcomes. Agile organizations need a 'change-able' culture exemplified by rich learning; good employee relations; open, honest and involving styles of management; and empowered, diverse and accountable employees at all levels.

HR has many traditional 'levers' to help build healthy and 'change-able' cultures – such as recruitment, induction, promotion, reward, training and development. Insights from Organization Development can help us understand how to use these levers in a systemic way to reinforce desired aspects of culture and to create the new 'way we do things around here'. For OD and HR practitioners this will mean ongoing learning and becoming skilled at the kinds of culture change approaches that work for your organization. This is a theme we return to in more detail in the next chapter where the focus is on organizational agility and resilience.

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Building organizational agility and resilience

After a decade of unprecedented global economic and geopolitical uncertainty many companies and institutions face extreme competitive conditions and operating pressures with squeezed budgets and margins. Many market changes are driven and enabled by technological advances – including high-speed internet, low-cost devices and intuitive social media platforms – create new social ways of linking up, open up new communications channels and shift consumer patterns. These advances are leading to continuous disruptive innovation whose pace is ever accelerating. For instance, the invention of the iPhone destabilized the already saturated market for mobile phones and within a short space of time opened up whole new categories of wearable devices such as smart watches. These are just some of the context challenges that require businesses to create organizations that are as flexible and creative as the times demand.

Is it any wonder then that organizational agility now sits high on executive and board agendas in every sector? An overwhelming majority (88 per cent) of executives in a substantial 2009 study by the Economist Intelligence Unit (EIU) cited agility as key to global success. Agile organizations use agility in a strategic sense to drive competitive advantage. And the benefits of doing so are considerable. Not only do agile companies grow 37 per cent faster than their non-agile peers — they also boast profit margins that are 30 per cent higher (EIU, 2009).

Since we can confidently predict that the challenging business context is going to keep on changing, organizations must be 'change-able', ie agile, flexible, innovative, capable of operating with speed and intense customer focus if they are not to become obsolete. This represents a massive OD challenge and makes understanding organizational culture and how to bring about culture change more relevant than ever.

In this chapter we shall consider how agility and resilience – that together represent an organization's 'change-ability' or adaptive capacity – can be built and what this means for people and culture. Getting the balance right is crucial; one without

the other does not work. Focusing on agility alone – especially through cost-cutting – can become a zero-sum game if vital trust and employee engagement are undermined; focusing exclusively on resilience can result in risk-averse, slow to act cultures.

In particular we shall look at how people management practitioners can contribute to building a change-able culture based on a shared sense of purpose, values and trust. We shall consider some of the other 'tools' at HR's disposal for shifting organizational structures and cultures – such as workforce planning, change management, organizational design, talent acquisition and development and performance management (Gartside *et al*, 2013). Finally, we shall consider how the HR function itself can become more agile and resilient.

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2 Why are agility and resilience so elusive?
3 Unpacking organizational agility and resilience.
4 A change-able innovative culture.
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What is organizational agility?

Originally linked with lean manufacturing, just-in-time supply chains and process improvement in the 1990s and since informed by complexity science, agility is now more broadly defined as an organization's capability to respond and adapt quickly and effectively to the changing environment (McCann *et al*, 2009). Agile principles are evolving beyond software development to account for all types of innovation projects, outputs and industries.

The top characteristics of the 'agile' business include a high-performance culture, flexibility of management practices and resources, and organizational structures that support collaboration, rapid decision making and execution (EIU, 2009). A range of capabilities are required. For many mature organizations becoming agile can be a challenge and increasingly flexible and traditional frameworks often coexist in the same organization as Agile-Stage-Gate hybrids (Karlström and Runeson, 2006). Others go further faster. Examples of long-lived manufacturing and service companies adopting agile include Saab, 3M, Bosch and ING Direct (Rigby *et al*, 2018).

To be agile, the organization first has to be ready to change since it is very demanding for individuals to break habits and act differently (Witell *et al*, 2016). Before people can adapt to change, they need to have an awareness of the need for change and a mindset of viewing changes as opportunities rather than threats. After all, people 'cannot adapt to changes they cannot see' (Joiner, 2019: 143). Thus, management have

to lay out the direction of travel and be willing for people to seize opportunities or take risks with minimal consequences for the individual.

Being agile also requires the organization to be able to change quickly to serve the market and seize opportunities faster. In today's hyper-competitive phase of globalization speed is of the essence as technological advances pressure costs and prices through increasingly connected supply chains, squeezing margins ever tighter and making the very notion of *sustainable* competitive advantage questionable – as firms like Microsoft, Nokia and Blackberry bear witness. Indeed Rita Gunther-McGrath (2013) argues that rather than pursuing sustainable competitive advantage, organizations should aim instead for multiple transient advantages (TA).

Organizations that can't move fast enough to meet customer needs, or fail to seize opportunities, innovate, trim costs and avoid major errors, soon go out of business. Just look at the UK's retail sector where a combination of tough trading conditions, reduced consumer spending and fierce competition from online retailers has led to the closures of big name high-street firms like Debenhams and Comet in recent years. And despite most executives in the EIU study viewing organizational agility as a competitive necessity, many admit their companies are not sufficiently flexible to compete successfully.

For organizations whose products and services are becoming obsolete, the strategic choices are stark. They must find new and non-traditional avenues to apply strengths if they are to remain competitive and responsive. They may need to implement not just one business model, but several. Keeping ahead requires innovation and fresh thinking around strategy. Take the case of Kodak, a company founded in 1892 and which made photography available to the masses, but had failed to adapt its business model to the development of digital photography. Kodak filed for Chapter 11 bankruptcy protection in January 2012. In contrast, Fujifilm, a firm whose roots are in photographic film, an industry that declined with the advent of digital photography, took a different course, choosing to reflect on how it might apply its expertise to new markets. In recent years Fujifilm has innovated in modern imaging technology and medical informatics amongst other developments.

Agile organizations react swiftly and decisively to sudden shifts in overall market conditions, to the emergence of new competitors and the development of new industry-changing technologies. They make good decisions fast, execute strategy nimbly and develop a range of innovative products that satisfy a range of customers.

Interestingly, in their research, McKinsey (2020a) found that during the pandemic companies that ranked higher on managing the impact of the COVID-19 crisis were also those with agile practices more deeply embedded in their enterprise operating models. That is, they were mature agile organizations that had implemented the most extensive changes to enterprise-wide processes before the pandemic. Such organizations experienced the 'great acceleration' (McKinsey, 2020a). For instance, in just four days, Unilever converted factory lines that were making deodorants into

ones making hand sanitizer. In a week, companies went from having 100,000 people working in offices to having 100,000 people working from home – a shift requiring systems and policy transformation that under normal circumstances might have taken years. This suggests that when there is a clear and overarching cause to unify efforts and agile practices, organizations can overcome years of inertia to become more agile and innovative in a short space of time.

Resilience

Agility alone will not secure sustainable success. In a future defined by ambiguity, unpredictability, complexity, multiple stakeholders and rapid change, organizations also need to be resilient, capable of responding rapidly to unforeseen and problematic change, and of bouncing back from setbacks with speed and determination (Marcos and Macauley, 2008). The COVID-19 crisis of 2020 is one such case in point.

Resilient organizations anticipate and address pivotal events that affect their business by being alert to both internal and environmental changes – opportunities as well as threats – and responding to those changes using available resources in a timely, flexible, affordable and relevant manner. Reprioritization is a key competence of agile companies. Such organizations carry out continuous wide-deep scanning of the changing context at all levels, spotting trends. Customer-centricity is embedded in their processes; business and IT come together; collective intelligence is captured and acted on; the organization is delayered and empowered.

For a notable retailing success story look at the John Lewis Partnership, a company founded in 1864, which became the largest multi-channel retailer in the UK in 2014 through its shrewd anticipation of changing customer preferences and the timely development of its online business. Since then, the retailing context has changed again and at the time of writing the leadership of John Lewis Partnership is reinventing and diversifying its business strategy to take account of the decline in physical retailing in favour of online.

McKinsey & Company (Bradley *et al*, 2020) propose that during 'the Great Acceleration' of technological and business trends evident in responses to the pandemic crisis, companies positioned to ride these trends with resilient, future-ready business models have pulled further away from their industry peers. For example, media companies with streaming services have outperformed their traditional satellite-based peers, and meal-kit providers have benefited from an accelerated trend towards healthy at-home cooking.

And while the good news is that Kodak has re-emerged from bankruptcy protection slimmer and with a new business plan – focused on packaging, graphic communications and functional printing – company leaders will need to lead cultural change and find fresh ways of making business faster, easier and less expensive for its customers if the firm is to thrive in this highly competitive market.

Why are agility and resilience so elusive?

Many barriers to change-ability can be found in the 'tangible' aspects of organization. Established organizations have evolved their current operating models over a period of time and have arrived at a way of organizing that is often highly complex, with fragmented legacy systems, duplicated business processes and sub-optimal use of IT. Thus many companies struggle to make sense of the volumes of information at their disposal and poor data management is a common problem, with decision-making decoupled from facts and data.

Agility requires congruence in the organization. Congruence means that there is a fit and harmony between different parts of the organization that lubricates the relationships among the people involved. Yet the organizational culture and vested interests may make it difficult to collaborate across units. Evidence of misaligned systems is everywhere – reflected in conflicting departmental priorities and goals, complex decision-making processes and silo-based information. This can increase operating costs, slow down the pace of experimentation and reduce the organization's ability to mobilize resources and pursue market opportunities.

In the largest ever study into the culture and behaviour in the UK National Health Service (Dixon-Woods *et al*, 2013) researchers found that unclear goals, excessive box-ticking, regulation and poor organizational and information systems can cause staff to waste valuable time hunting for information, struggling to deliver care effectively, feel disempowered from initiating improvement and lacking valid insights into the quality of the care they provide.

However, the main barriers to agility are usually more directly linked to people management practices and the 'intangible' aspects of organization – in people's mindsets, behaviours and culture, and also in the nature and state of the employment relationship between employers and workforces. For instance, COVID-19 has propelled companies into giving employees more autonomy, since when senior leaders are in crisis-management mode and when people are working from home, managers cannot exercise the same oversight. You have to trust people at all levels to do the right thing. Such trust can be easily undermined. In one large organization that had successfully transformed its work practices to home working during the pandemic, the CEO ostensibly wanted to implement a permanent hybrid work model once the crisis was over. However, the management team had not adjusted its expectation that people should still show up at the office, assuming that people who would continue to work from home could be 'slacking'. People who continued to work from home were sidelined.

HR practitioners have a major role to play in unblocking these people and culture challenges to equip their organizations to survive and thrive in fast-changing times. Learning from agility can help. It seems that companies that adopt agile practices also tend to do a good job of adapting to remote ways of working, which have been critical during the COVID-19 pandemic. As Lorenz *et al* (2020) point out, small

self-managing teams (often called 'squads') are a good recipe for remote working. Weekly online agile ceremonies (planning meetings where teams set expectations and collaborate) and daily virtual huddles allow for closer vertical and horizontal alignment within teams.

Leadership approaches

In particular, the style of leadership and its alignment with strategy, the degree to which leadership is trusted, the robustness and speed of decision making and the clarity of communication significantly influence how agile and resilient organizations can be. Given the level of business complexity, together with the need to respond quickly to change, the effectiveness of conventional top-down leadership approaches is increasingly being called into question. Unless you're in a company like Spotify or Facebook, where agility is built into its foundations, practising agile requires learning a new approach to leadership.

Yet many large organizations are caught in a vicious bind. Often headed by risk-averse CEOs they typically work to very short-term time horizons, referred to as 'quarterly capitalism'. In contexts of increased regulation and scrutiny many organizations develop risk-averse cultures, making them reactive rather than proactive. Fear of unintended consequences can lead to stagnation and stifle innovation.

Ironically, previously market-leading businesses often prove to be the least resilient under pressure. This occurs if executives come to believe their own successful brand rhetoric; they may ignore what lies around the corner, underestimate the strength of new competition or the potential of new technology applications to change consumer tastes. Similarly, even with a clear strategy, there is often a large gap between an organization's strategic intent and its implementation. All of this is putting pressure on leaders and boards to find new ways of running business in contexts where there are no easy answers and where recipes of success from the past may not be helpful. Deloitte (Renjen, 2020) argue that resilient organizations tend to be led by resilient leaders who are defined first by five essential qualities of who they are, and then by what they do across three critical time frames: respond, recover and thrive. In the recover phase of the crisis, resilient leaders recognize and reinforce critical shifts from a 'today' to a 'tomorrow' mindset for their teams.

Consequences of agility for people

To be resilient organizations must be able to harness employees' ability and willingness to adapt and do what is necessary to help the organization survive and thrive. Yet the common pursuit of organizational agility through cutting core operating costs and embracing flexible workforce models often undermines employee engagement

and leads to increased workloads, outsourcing, redundancy, short-term contracts and reduced protection for employees.

Many enterprises are scaling up automation efforts at an unprecedented pace and deploying bots or 'digital workers' across multiple business functions. Emerging technologies such as robot process automation (RPA) should boost efficiency and remove manual processes wherever it makes sense to do so. Such technological breakthroughs rapidly shift the frontier between the work tasks performed by humans and those performed by machines and algorithms, with human–machine collaboration already blurring the lines between people and technology. Thus global labour markets are likely to undergo major transformations, driving the need for human beings to work in new ways that will require new skills as they work alongside technology.

There is, of course, some suspicion that automation will lead to widespread job losses. After all, disruptive platforms are driving an increase in contingency working. Already there are signs of a significant decline in the need for workers to perform physical and manual tasks, as well as a downturn in the need for humans to perform basic cognitive chores. For instance, in August 2020 the UK bank TSB announced that 1,000 jobs of clerks working in bank branches were to be lost, since the pandemic crisis had accelerated the transfer of custom to digital services and had resulted in a loss of custom in bank branches. In future customers will only go to branches to discuss more complex issues that would require a higher level of skilled response, so for a small minority of staff, new jobs would be available. This reflects the significant rise in demand for workers with higher cerebral skills and advanced technological capabilities along with customer relationship skills.

Thus staff may end up bearing the brunt of agility in terms of lost jobs, security and satisfaction. Moreover the typically wide disparities between executive rewards and those of the remaining workforce undermine a sense of common purpose and make a mockery of the message 'we're all in this together'. When the employment relationship between an employer and its workforce becomes heavily unbalanced in terms of relative risk and return, it tends to become more transactional and low trust in character. And even when jobs are not at risk, demands for ongoing change may cause some staff to progressively become disengaged and to passively resist anything that challenges their work world. In such circumstances, speed, innovation and willingness to 'go the extra mile' become empty aspirations.

Yet demands for a new relationship approach are increasing. Talent shortages, changing workforce demographics and the need to respond to employee expectations will increase calls for new ways of managing and leading. According to Desmet *et al* (2015):

> The digital revolution has given birth to an interconnected world that binds customers, employees, managers, and systems together in a network of unprecedented complexity and opportunity. Making sense of those connections and building value requires a new interdisciplinary model of work that is redefining how companies succeed today.

In such circumstances attempting to increase agility simply by tinkering with the more instrumental aspects of organization – while ignoring their potential impact on people and culture – is like rearranging the deckchairs on the *Titanic*.

In agile organizations, as core work is transformed, the worker experience becomes the focal point of change. Agile organizations are focused on developing a highly customer-centric and agile automation strategy that augments, rather than replaces, human capability and ensures seamless interaction between humans and bots to co-create the future workforce. Humans will drive customer orientation, have a say in the final decisions and strategies, while 'digital workers' will complement these efforts through productivity and consistency. In other words, the human and digital workforce must work alongside each other, to create a truly digital enterprise. To meet this challenge, talent strategies are needed that develop employees' critical digital and cognitive capabilities, their social and emotional skills, and their adaptability and resilience. Now is the time for companies to invest in staff development and commit to upskilling and reskilling.

Unpacking organizational agility and resilience

Before looking at how organizational agility can be built, let us look at what agility involves in a little more detail. Rather like debates around whether an organization *is* a culture or *has* a culture, viewing through the lens of complex adaptive systems I would argue that agility and resilience are both part of an organization's DNA and can also be increased by certain practices, routines and behaviours that unblock rigidity and release energy. In this section I will summarize aspects of agility and resilience reflected in my Resiliently Agile model (Holbeche, 2018). These fall into the broad categories of strategizing, implementing, linking, people, and culture and values-based leadership.

Strategizing

Agile organization strategies focus on their core, where they are the most differentiated, and remain strongly in touch with constantly changing customer needs. Focusing on the core and a customer-centric approach provides parameters for innovation, helps create value and ensures flexibility. Strategizing may require mindset shifts away from relying on conventional linear thinking about strategy towards developing greater ease working with paradox and trusting to trust instinct. The focus should be on bringing the outside in, using scenarios to look beyond the organization or even industry to instil processes of strategic anticipation and promote the identification, testing and exploitation of emerging opportunities.

Having decision making exclusively concentrated at the centre makes little sense in today's fast-moving times. In strategizing the 'implementation gap' is narrowed

because devising the best strategy and executing it is the responsibility of empowered, cross-functional teams. Shifting to a strategizing approach requires top team commitment to agility. So rather than viewing strategy-making as an annual business planning ritual, leaders need to involve others in strategy, turning it into the ongoing process of strategizing. It's important to bring together the right parties from the outset, including experts from around the business, communicating strategic intent and encouraging internal dialogue. Generation Y in particular expect to be involved. They have grown up in an era of high connectivity and interchange across networks. They want to be informed and have voice.

Implementing

Implementing involves translating strategic intent into practice through a target operating model and making the changes necessary for the organization to succeed. In many organizations the challenge is to remain focused on product innovation and quality improvement and also on cost management. In agile organizations working practices are geared to both short-term excellence and medium-term innovation so routines of experimentation, testing, refining and learning are the norm. High-performance work practices are embraced – roles offer a high degree of autonomy, there is a philosophy of empowerment and outcome-based indicators of achievement.

In agile organizations the corporate structure, channels, processes, systems, organization and data are simplified, standardized and aligned to deliver the strategy and enable the organization to respond quickly, efficiently and effectively to market changes. Leading agile organizations have flatter management structures with cross-functional and self-organizing teams, and clear delegated decision-making authority at all levels. The ability to access the right information at the right time is crucial. The effective integration and automation of fundamental knowledge-sharing processes should help people improve their use of critical data to problem-solve, make good decisions, convert information into insight and produce superior innovation. The leaders' role is sense-making, arming decision makers and employees with the tools to find, filter and focus the information they need. Top management must allocate resources and strike an effective balance between risk taking and risk containment to ensure ongoing innovation, but in the context of prudent risk minimization.

Functional specialists work alongside other subject matter experts, each contributing their expertise as needed to deliver shared goals for which they are, as a group, accountable. Unlike in more traditional, hierarchical organization structures, leadership of a project shifts according to requirement and skill. For functional specialists this means that interactions with business partners must be tightly managed since the larger goal counts for more.

Agile organization structures feature adaptable supply chains, strong and robust operations and processes, with process improvement and team working as embedded

norms. Lean tools and agile methodologies such as agile project management, Scrum, Kanban and so on are embraced. These treat the high-level objective as constant while allowing strategy and execution to evolve as needs shift. In contrast to conventional project management that follows a rigid waterfall-like design and production process towards a pre-defined goal, an agile workflow is a flexible process that breaks projects into manageable chunks or 'sprints', which add up to 'iterations'. Throughout there is review and client feedback allowing for adaptation, refinement and learning to achieve desired outcomes.

The pandemic provided a spur to organizations to embrace agile working practices since they had to adapt their operating models rapidly to remote working. McKinsey research (Handscomb *et al*, 2020) found that many organizations set up structured events, or ceremonies at the team level, in a virtual co-location, that allowed teams to keep their pace and rhythm, even if priorities were changing quickly and team members were no longer co-located. These gave teams opportunities for effective, faster decision making as things changed, ensured better communication within the team and provided for regular social interactions. Remote-collaboration tools then helped the teams to continue working together and track their progress transparently, even while working remotely.

Linking

As never before, business success requires a global presence. That means organizations must communicate across cultures, continents and time zones to meet the demands of global customers who want just-in-time delivery and 24-hour customer service. Thanks to a vast and sophisticated communication network, business, projects, tasks and jobs are being transferred to where knowledge is to be found in different locations. Globally distributed development, production, sales, logistics and management functions are now commonplace. The global workforce must be able to operate as a single, seamless team to service customers and maximize revenue streams. So managers and HR must source, connect with and coordinate a multicultural global workforce, often virtually.

In an era of open source and collaborative networks, agile organizations are dynamically connected via partner relationships including outsourced suppliers, which can act as sensors for relevant emergent changes in the environment and potentially as co-builders of new markets. Collaborating across organizational boundaries can be challenging for staff and rife with ambiguity. HR can play an important role in equipping people with the teaming skills and approaches they need to be effective. HR can also help spread the learning from alliance working by mainstreaming these more sophisticated relationship skills within development programmes for the wider organization.

Flexible work location, hours and work environment are conditions that support collaboration and high-trust working relationships (CIPD, 2008). Alongside developing flexible working options, HR may need to train managers and teams who work virtually in outcome-based management, effective communication and other remote working protocols. For people working in global teams, team building and cultural awareness training may be useful.

People

Agile, resilient organizations need flexible, multi-skilled and competent staff who are engaged and productive, willing and able to adapt to continuous change. People processes must therefore be agile too. In the face of growing talent shortages in key areas and the fast-evolving nature of organizational forms, strategic workforce planning is needed to allow businesses to establish an optimal workforce and provide the benefits of a greater match between the people, the demand for services and increased productivity. The workforce mix may need to change over time and change-ability can be accelerated by bringing in, motivating and developing employees and contract workers with the skills and behaviours required to operate effectively in a highly uncertain, highly unstructured environment.

There must therefore be a systematic strategy for people selection, development and support to improve talent attraction and retention. Some people may need support in adjusting effectively to new circumstances; all should continue to develop their skills.

This strategy should take account of changing workforce expectations that reflect a growing trend towards individuals preferring to hold multiple jobs over the course of a career, with lateral rather than upwards moves. This means that strategies for talent management and succession planning must be co-created with people to ensure that both employer and employee needs are met.

And of course even with the 'right' workforce an organization cannot be agile if its employees are not 'engaged'. We shall consider in Chapter 19 how contexts can be built that are conducive to employee engagement.

Culture and values-based leadership

As discussed previously, what leaders pay attention to has a major impact on culture. Therefore leadership becomes part of the problem, or part of the solution. If people don't trust their leaders they are unlikely to be willing to transform their own behaviours and work practices or to go the extra mile for the organization. Key to leaders being able to build trust is the notion of values-based leadership, ie ensuring that management behaviour is consistent with the organization's core values.

The agile values that are reflected in the Agile Manifesto, deriving from agile's origins in software development, favour individuals and interactions over processes and tools; a working prototype over comprehensive documentation; responding to change over following a plan; customer collaboration over contract negotiation. These values lie at the heart of creating an agile culture. Leaders need to value the workforce and openly recognize and embrace their roles as people managers and culture builders, making sure that every aspect of organization, especially their own behaviour, is sending staff messages that are consistent with organizational values. So to rebuild trust and create a more resilient employment relationship with employees, leaders must ensure that any gaps between rhetoric and reality are closed. For example, saying 'we are customer focused' yet in reality incentivizing sales and paying less attention to service, care or quality or ensuring that their own compensation package is generous while keeping rewards for the workforce under tight restraint.

As culture-builders, leaders need to develop self-awareness, reflection and effective communication skills for promoting constructive dialogue. They need to be willing to share power and involve employees in decision making, so communications must be two-way with consistency of messaging and genuine involvement of staff and of customers in co-creating the 'how' if not the 'what' and 'why' of strategy. Leaders also need to gain a systemic understanding (from organization development and design) of how leaders can influence cultures. Indeed, many of the skills associated with agility have long been identified with psychological and change-management studies.

What sets outstanding leaders apart, according to the Work Foundation (Tamkin *et al*, 2010), is that they think systemically and act long term, bring meaning to life, apply the spirit not the letter of the law, grow people through performance, are self-aware and authentic to leadership first, put their own needs second. They understand that talk is work; they give time and space to others and put 'we' before 'me'. When there is authentic leadership, a genuine belief in the value of helping people to help themselves and great partnering between executives, customers, staff and OD/HR to deliver the big vision, any organization can become more agile.

How can HR help build agility and resilience?

HR has many ways to help develop organizational agility and resilience for the digital age. This means adopting a proactive approach towards transformation – within the HR function itself and within the organization as a whole. This requires HR to sharpen its capability to facilitate change by enhancing and applying an understanding of organization development and design, and also to develop a new toolkit of skills, which includes digital and analytical skills, driving for evidence-based problem

and solution identification. As trusted advisers, HR practitioners must continuously enhance their business knowledge as well as conventional relational skills, influencing ability and credibility based on delivery and status.

With the help of HR analytics, HR professionals can adopt an evidence-based approach to people-related problems. Using HR analytics can help HR combine and analyse the data they collect in order to discover new and useful insights. This provides them with the information they need to make better decisions, which are based on objective data rather than simply intuition or gut feeling.

HR must also actively embrace the role of organizational steward with respect to governance, for instance ensuring that the organization uses data appropriately and treats people fairly with respect to any employment relationship entered into.

Here are some of the other key contributions HR should be well-placed to make:

1. Accelerate the pace of strategic renewal

The second cycle of the 4IR has profound implications for the workforce since it involves rebuilding organizations and institutions for greater agility and innovation. The workforce is challenged to work in new ways that will require new skills and will ultimately lead into the next wave of institutional innovation. Research for the World Economic Forum (WEF, 2018) indicates that, by 2022, technology is likely to augment many existing jobs and complement human labour since it may free up workers from the majority of data processing and information search tasks – and may also increasingly support them in high-value tasks such as reasoning and decision making. Thus employees remain the crucial hub in the future of work as they assume ever more complex tasks, while machines will solve repetitive and analytical challenges at far greater speeds than is humanly possible.

As the WEF points out, the changes heralded by the use of new technologies hold the potential to create as well as disrupt jobs and to improve the quality and productivity of the existing work of human employees. New technologies also offer the possibility of expanding labour productivity across industries and providing tools to complement and enhance human labour. New avenues of intellectual challenge and productivity will open up for core workers, along with a more flexible and agile way of conducting everyday business. But to actualize the latent potential of technology for increased productivity and agility calls for employee-centric workforce strategies:

> The key to workforce agility lies in a strategy that puts people first, enabled by technology. With an eye on business outcomes, leaders will develop talent strategies that help liberate human potential and help shape an agile workforce—one able to confidently face the changes ahead.

(Lyons *et al*, 2017)

Workforce planning can help organizations get to grips with the implications of their changing business contexts and models. The aim is not to create an exact picture of the future workforce but instead to enable the organization to build its capability and capacity for improvement, innovation, leadership, spread, scale and sustainability over time. Technology is vital for getting to grips with the data you gather, and already have, in order to better understand your talent needs and recruitment, retention and deployment challenges.

LOOKING AHEAD

- What kinds of skills will your future workforce need? How might they be different from the skills needed today?
- What sort of 'talent' will you need?
- What forms of employment will be most appropriate – for the organization – for people? Permanent/temporary/flexible/freelance?
- How will team structures change? Will more people be working in teams, or alone?
- Where do you have gaps?

As the following case study suggests, companies should assess the expected impact of technology on the current roles within their organization. The right assessments can help identify untapped potential, both in new hires and in the current workforce. They can help create highly individualized pathways for people that fully identify their competencies and develop their capabilities, providing immense benefit to both the individual and the company's bottom line. With sufficient advance warning, employees whose jobs will be automated or changed can be trained in key areas of digital competency and become an internal talent supply that is future-proofed.

CASE STUDY
The Branch of the Future at Nationwide

I am grateful to Craig Pocock, Head of HR, Group Retail at Nationwide for the following case study, which describes how a forward-thinking business transformation is being aided by workforce planning and other skilled HR practice.

About Nationwide

Nationwide – a retail bank – enjoys a strong position as the UK's most trusted high-street bank. It is the number one bank for customer service and offers the number one current account. Like other banks, Nationwide is heavily regulated and must account for how it treats its customers and employees; it has a strong and positive track record in both respects. Unlike

clearing banks Nationwide has emerged from the financial crisis and recession with its reputation untainted and enhanced.

Nationwide is a mutual, ie owned by its members (customers) rather than shareholders so safeguarding members' financial interests is at its heart. The bank's vision is to become the first-choice financial services provider. It serves a diverse demographic member base with a range of financial products designed to meet the needs of members of different ages and circumstances. Financial transactions are traditionally carried out face to face in branches, of which there are 700 throughout the UK.

Drivers for change

The retail banking environment is changing fast in a way that threatens to disrupt this mode of operating. The UK's low interest rate of recent years means smaller margins and there is increased competition from the big banks who, forced by the Regulator to separate their investment from their retail banking arms, now want to move into Nationwide's space in the market. Moreover, due mainly to digitization and the increasing take-up of internet banking, and especially since 2013 with the advent of the iPhone, face-to-face transactions in branches have significantly decreased.

Anticipating how these trends might pan out, Nationwide recognized that it should grow its digital share of the market and that the branch network should change. It carried out research into its own and other brands to get to grips with the changing landscape for physical distribution and the importance or otherwise of having a high-street presence. The research concluded that although many people may no longer need to go to branches in person, nevertheless customers still wanted to see Nationwide on the high street. This confirms a somewhat counter-intuitive trend – even Amazon is contemplating having a high-street presence. The research also confirmed what members wanted from their branches. Carrying out the basic financial transactions with staff sitting behind counters was not one of them.

The Branch of the Future concept

So the 'Branch of the Future' project was born, which represents a strategic reinvigoration of the Nationwide brand. The idea is to maintain a branch presence throughout the UK but to concentrate the provision of the complete service into branches large enough to provide it and gradually and sensitively move more of the sales and servicing to digital over the next five years. As financial transactions are increasingly automated, counters will be eliminated. Several branches throughout the UK are trialling the new approach.

The project also addresses the issue of how to recreate Nationwide's renowned customer service in a digital way. Within branches staff will maintain the face-to-face connection by offering members a 'help or advice' service and access to specialist services will be extended via digital. For instance, in smaller branches mortgage advisers are often only available on certain days, so members have previously had to fit in with staff availability. 'Nationwide Now', a digital-screen channel currently being trialled, enables customers to visit any branch at their

convenience and receive, in a confidential environment, the mortgage or other advice they need from a relevant specialist via a TV monitor. Documentation is immediately printed off and dealt with by local branch staff.

Learning from these trials has crystallized into a robust plan of action that is supported by the board and executive committee. The Nationwide board wants to make sure that the people response is right so the plan addresses the capabilities, culture, talent, resourcing, reward and recognition, and leadership needed to take the organization forward. There is strong governance around the emerging organization design to ensure that investments in people (as with technology) are done in the right way. HR is playing a significant role in shaping and implementing the plan and skilled HR project managers are helping drive the change implementation forward.

HR's role

Strategic manpower planning has been crucial to knowing the steps to take towards the desired end state so that the transition can be smooth with the minimum of redundancies. This has involved looking into the future, identifying future capabilities, where employees may come from and what they may be looking for. While many existing employees have long service, today's employment patterns look different. So Nationwide is committed to supporting current employees while also transforming the employment proposition into something that will help it stand out from the labour market competition.

For HR it is critical that the change journey works as well for staff as for members since staff are the face of Nationwide. This has meant painting the journey ahead, creating and communicating an authentic vision in an inspiring way. It has also meant consulting and negotiating with the trade union, taking time setting out plans so that staff know what's happening and can buy-in to the changes.

Adjusting to these new ways of working may prove challenging for some staff. Nowadays customers expect to receive service 24/7 so staff who are used to working 'nine to five' may need to work different hours. Regulatory pressure means that the advice staff give must always be up to scratch. The challenge is to get the service right for a given area and its specific demographics without disenfranchising employees. Although some staff may be unable to make the skills transition required of them, there is a real commitment to retraining staff and in the trial branches there have been hardly any redundancies. HR has invested in developing front-line leaders so that they can continue to lead change and raise performance.

As the Nationwide case study illustrates HR can play a key role in helping people make transitions, preparing them through training for new roles. They can work with line managers on role design to ensure that people have interesting, stretching and fulfilling roles.

2. Recruiting and retaining talent

A fundamental reappraisal is under way of the skills and the people needed for the changing nature of work. HR will increasingly be required to help source and develop agile teams as well as develop and nurture agile managers/team leaders. However, there are global shortages of the talent needed to grow and lead businesses and a new 'War for Talent' is under way.

Two investment decisions, in particular, will be crucial to shaping the future of jobs: the question of whether to prioritize automation or augmentation and the question of whether or not to invest in workforce reskilling (WEF, 2018). AON research (2019) suggests that companies typically adopt one of three strategies to fill skills gaps. Most expect to hire wholly new permanent staff already possessing skills relevant to new technologies; others seek to automate the work tasks concerned completely; and some retrain existing employees. Between one-half and two-thirds are likely to turn to external contractors, temporary staff and freelancers to address their skills gaps.

HIRING IN

How employers attract talent is changing. A 2016 survey carried out by Haymarket Media Group reports that while pay remains a top priority, company culture is rated the second most important factor when it comes to deciding whether to stay with a company or take on a new role. More than half of workers (58 per cent) reported that they would take a pay cut to work for an organization that offers a more diverse and engaging culture.

These days many employers are aiming to use big data analytics and other new methods to target potential recruits and help make the fraught process of sourcing and hiring talent more scientific. The 2014 Employer Perspectives Survey by government skills experts the UK Commission for Employment and Skills (UKCES) reported that, despite the meteoric rise of social media platforms such as Twitter, Facebook and LinkedIn, and other websites including online forums, job boards and blogs, just 7 per cent of employers said they had used it to recruit new staff. Since then, using social media platforms has risen as a key method for attracting candidates and positioning an employer's external image. Through social media, employers are able to build their brand while also growing talent pools and communities to which they can reach out when hiring. By 2020 nearly 90 per cent of employers reported that they had hired someone via LinkedIn.

AON (2019) argues that understanding how people create value tells you what digital competencies you need to assess for and what qualities they need to create even more value. It's important to adopt a talent model that evaluates the totality of the person's experience to determine how his or her skills will translate into business value. Taking a holistic approach to assessments that measure these capabilities

allows you to identify the person who can figure out a solution and learn the skills they need to implement that solution.

Assessments that use AI and machine learning can help you identify high-potential team members rapidly and develop their skills. AI allows for a much more dynamic and responsive assessment process. Incorporating AI into assessments allows you to completely rethink your talent models and develop specifications of what high performance looks like based on the competencies of leading staff, and use those specifications to help identify high performers in potential talent.

Nationwide is a pioneer in respect to using technology for recruitment purposes. Until recently its recruitment practices were fairly traditional and involved advertising on its careers site, posting vacancies on job boards or using recruitment agencies. The bank has always embraced fair and transparent assessment processes so aims to ensure that the 'right' people are employed in the first place. However, in today's more connected age, the resourcing team increasingly recognized that Nationwide was little known to its target skill populations in the digital generation and traditional practices were no longer reaching them. So a new cost-effective and innovative approach was needed.

This began with research, listening closely to a wide range of people with different backgrounds, skills and capabilities, looking at emerging trends with respect to people's behaviour and perspectives on Nationwide's brand. Clearly candidates' expectations were starting to shift; lifestyle and balance appeared more important than salary. It was also clear that social media was a key means by which potential candidates now interact. Digital tools would therefore be part of the solution and IT support was needed to help the recruitment team develop the career site to its advantage and use social tools to get more candidates through the door.

Now there is an ongoing focus on ensuring the brand is enhanced via social media and other channels in imaginative ways that grab the attention of potential recruits. As potential candidates swipe barcodes on recruitment material, relevant videos spring to life on their smartphones. Proactive approaches to increase the candidate pool include 'Geo-fences' that are used to target locations where the 'right' candidates might be and make them aware of possible recruitment opportunities. The resourcing strategy feeds into the people strategy, which in turn feeds into the corporate plan. While Nationwide may not be able to compete with the wealthy big banks by offering inflated pay and benefits it aims to be fair, in keeping with its mutual ethos. And it puts resource behind its employee value proposition by offering clear career paths and development opportunities and a dedicated redeployment team to help people move around the organization.

3. Building manager capability

In a business environment where the only constant is change, successful organizations are likely to require new capabilities, not least change-ability. The real work of

change rests squarely on the shoulders of managers, irrespective of level, because they manage both people and the business assets. Are today's managers sufficiently experienced and resilient to be able to withstand pressures – and to manage change fairly, judiciously and effectively?

HR can accelerate this capability-building by recruiting and developing new kinds of line manager, with relevant change management ability. These will be managers who can cope with ambiguity, are resilient, and have good communication, engagement, trust-building and listening skills. They will provide practical support and coaching to the teams they manage and will be able to use data in order to be objective and to guide selection and other decisions. They will understand and be able to cope with the 'stress environment' they and employees have to work in and have a keen interest in actively developing the capability of the team and individuals. So rather than being 'technical/professional' managers who control the team they become 'more strategic' managers.

4. Improving the quality of leadership

Today's context shifts make great demands of top leaders who must now be able to lead in complexity, build relationships and networks, develop culture, manage change, nurture talent and enable shared leadership. Senior leaders must show strong commitment to organizational agility and model the way forward. They must be genuinely willing to let other people become empowered, if a distributed leadership model is to work. For many leaders this may mean stepping out of their comfort zones, developing new skills, opening their minds to new approaches to leadership and learning new techniques.

To develop agile leadership HR should adopt a systemic and integrated approach that takes account of what else needs to shift apart from leader attitudes. Longstanding practices may need to be revisited and the current values of leaders and managers put under the spotlight. For instance, what is rewarded within the organization? How are leaders selected? How can senior leaders really be in touch with what it will take to align the whole system? System alignment work takes broad inclusion to get it right. What consequences are there for leaders who don't live up to the desired values? This journey will not be an easy one, and there will be many forces that will fight the change.

Particularly with respect to future leaders HR can help recruit and develop people who recognize the need for a new leadership model and have learning agility. Leadership development interventions should be designed to stimulate people's curiosity and confidence to start experimenting. Learning approaches should focus outside-in – exposing people to new thinking, experiences and insights. They should also be inside-out – with leaders finding sources of advice they can trust such as coaches, learning groups and mentors, to encourage self-awareness and reflection.

Succession planning is adapting to meet these changing needs. Many organizations are moving towards integrating succession planning with broader talent management approaches. And although succession planning remains primarily focused on senior leadership and management roles it is increasingly used for selected 'critical' roles at a range of levels where the organization is vulnerable. There should be a mix and match approach to filling vacancies, blending the open job market with managed career moves, identifying and using external talent as well as internal successors as appropriate. In particular, agile succession planning involves individuals in planning and delivering their own skill and career development.

5. Developing people

In the long run, when talent is scarce, developing people will prove much less costly than recruitment. Employees increasingly understand the value of knowledge, and development will become career currency in the digital age. Upskilling employees in new skills, including digital, is in an employer's interest since it will make them more effective and productive and will also help build organizational flexibility and resilience – which have a direct impact on the company's success and profitability. This is about taking a longer-term view, helping people and organizations develop the capacity to improve and adapt to the changing needs of the business.

What are the skills required for today's and tomorrow's more fluid workplace? Since the future workforce must be able to respond to the increasing pace of change and external disruption, some collective capabilities will become essential:

- Change agility – the workforce's ability to be agile in the face of sector uncertainty and change.
- Collaboration – including across boundaries, ensuring everyone is working towards common goals.
- Engagement – engaging with colleagues, partners, clients, suppliers and the broader community in a more impactful way.
- Goal focus and operational effectiveness.
- Communication and information skills.
- Continuous process improvement and programme management skills.

Since technology is continually evolving and digital ecosystems are transforming conventional work practices, 'hard' skills learnt in traditional training environments now have a short shelf life. Learning agility therefore becomes a key competency. Employers should identify workers who rate highly for this trait and also support a model of lifelong learning. Technology is increasing the requirement for data analytics, digital and cognitive skills in many jobs so workers will need to develop more durable skills like critical thinking, complex problem-solving, and open-mindeness, along with a broad business understanding and a sound grasp of strategic priorities.

In line with the trend towards automation and a focus on what jobs might be eliminated by robots, there is renewed interest in areas that are uniquely individualistic and humanistic. Some predict that there will be a premium on creative skills needed to balance mechanized processes; skills such as emotional resilience, creative thinking and complex communications will be highly valued. The popular focus in recent years on emotional intelligence is being complemented by insights from neuroscience. Increasingly training and development aims to increase people's self-awareness, relationship skills and ability to thrive in teams and more fluid work environments. These include:

- Building relationships: good manners and rapport, friendliness, giving.
- Ability to build trust, open door, problem solving, openness to new opportunities.
- Cultural agility and managing differences: adjusting own style if necessary.
- Negotiating and conflict resolution.
- Tolerance of ambiguity and ability to manage complexity.

This focus on 'soft skills' aligns with customer expectations too. For example, a McLagan study showed that high-net-worth individuals were looking for their wealth managers to do more than just analyse spreadsheets with them – a task they could now easily do on their own. Rather, they want someone with outstanding communication skills who first listens to their needs and builds an emotional connection, and then recommends products that are a good fit. While data can play a critical role in creating evidence-based and more personalized recommendations for customers, the human touch is still essential.

Learners must develop 21st-century skills, capabilities and attributes. Every worker will need a broader, more entrepreneurial skill set that facilitates the successful integration of human skills and digital technologies. LDS (2019) suggest that workers must be able to adapt quickly, should be comfortable with change, not afraid to take risks, highly collaborative and be critical, systems-based thinkers. The Institute for the Future (IFTF) suggests the following 10 key employment skills to assess for:

1 sense-making;

2 social intelligence;

3 novel and adaptive thinking;

4 cross-cultural competency;

5 computational thinking;

6 new media literacy;

7 trans-disciplinarity;

8   design mindset;

9   cognitive load management;

10   virtual collaboration.

Where do people with such skills come from? Flows of talent and knowledge increasingly transcend company and geographic boundaries. Successful innovators achieve significant returns in innovation by accessing the skills and talents of others from within their ecosystems. They also upskill their existing workforce.

Talent management opportunities will increasingly be applied to a wider range of 'critical value generators' than in the past, whom the organization wants to nurture and develop. For people with highly sought-after skill sets, individualized pathways can be created that identify and develop their capabilities to the next level. The shift taking place is towards nurturing different types of talent, finding talent in unexpected places, with exclusive and inclusive talent approaches existing side by side. For a more innovative, customer-focused organization, a diverse workforce with diverse skills is required.

Adopting a systematic approach to workforce development will require investment: in the team, not just the role; in developing a dynamic training capability; in building sustainability for new and extended roles. This will involve supporting the workforce with technology, understanding your workforce's needs, identifying new skill sets including 'learning how to learn'. Learning and development may need to be less about information transfer – or even skills or competency development – and more about shifting mental models, developing a horizontal growth mindset and creating knowledge in a way that is team, partner or community-centred.

LEARNING DESIGN

As the learning landscape is being transformed, learning design, user perceptions and expectations have also been changing and the traditional training and development path is no longer perceived as being as effective as before. While some conventional classroom training may still have its place, research suggests that workers quickly revert to old habits. So a shift towards learning methods involving facilitation and practical application is under way, driven online largely by digital availability and accessibility of knowledge. So L&D must redesign their education programmes using forms of digital learning that increase people's technology skills and must also find the proper tools and methods to motivate and engage a multigenerational workforce within a modern learning ecosystem. A variety of new forms of training and technology-based learning is available to help people develop new skills through their day job for roles that may not yet exist such as:

- virtual/augmented/mixed reality;
- artificial intelligence;

- gaming;

- Internet of Things;

- unbundling;

- adaptive learning;

- digital literacy.

Learning must be integrated into everyday working life and aligned with an individual's aspirations for the future. In this way, it will be far easier for workers to see the practical connection between their ongoing tasks and learning to solve problems in a different way.

Learning and support needs to be easy to scale to suit the needs of people with different roles in the change process. Key skills and tools need to be more widely available. Accessibility needs to be just-in-time/on-demand so that people can respond quickly and play their part in delivering the changes needed in their business units, providing immense benefit to both the individual and the company's bottom line.

So by offering real-time development for everyone, for instance via peer coaching and team learning, and investing in employees at junior levels, such as via apprenticeships or the chance to study for employer-based qualifications, employers send strong positive signals to employees about the company's priorities and about how it values them. Development becomes part of the 'new deal' for the Fourth Industrial Revolution. By forging creative collaborations with learning providers or other organizations keen to create shared learning opportunities for their workforce, HR can contain costs and increase the value of learning. Policies to enable mobility, developing line managers as coaches, providing tools for self-assessment, holistic succession planning and innovative career management are just some of the tools in the new 'War for Talent'.

Modelling HR agility

As the global marketplace becomes ever more complex, the HR function must change to meet it and become an active role model of agility. This will in turn lead to a different type of HR contribution. As HR takes on the role of change and culture champion, it shifts from being simply a service function, however competent, to become a strategic cultural enabler.

As we discussed in previous chapters, to act as change agent HR should fully understand how the business operates and be aware of external and internal drivers for change that may impact on the business. Rather than waiting to be invited to participate in change initiatives, HR should adopt a proactive, anticipatory approach, using analytics to pinpoint issues, driving the business case for change and investment and collaborating with other internal experts on change initiatives.

The role of change agent may also require a shift in the locus of HR's attention. Arguably since its inception the notion of business partnering has produced many 'local' business benefits since HR business partners have been able to identify and respond to executives' needs and wants effectively, even if these needs may not advance the organization as a whole. The challenge now is to use HR resources to greatest effect for the benefit of the business overall, focusing instead on delivering major corporate goals that ultimately benefit the end customer.

Simplify and standardize

But HR will only be credible as agile change agent if it can lead the way by removing complexity from the HR service itself. This means adopting agile principles – such as customer-focused, simple and effective, feedback, co-creation, review and learning – and applying agile work practices like iterations, lean and agile project management disciplines to HR delivery. This applies to how the HR function organizes its delivery, and also HR's 'deliverables' such as improving staff engagement.

So it's important to take a process view of how the HR service is currently delivered across the organization, identifying key 'implementation gaps' and underpinning issues, removing barriers using agile problem analysis and team working. HR should gather data from service users about how the processes are currently performed and generate a baseline. Then current practice should be evaluated against leading-edge customer-focused practice to truly understand and challenge the nature and cost of delivery, identifying where processes are duplicated or fragmented and using this as a basis for new and better ways of working.

PwC (2011) advocates that functions such as HR should adopt the three 'S's – *simplify* – overly complex processes; *standardize* – processes that can reduce cost and improve the customer experience; *share* – spread new effective practice to benefit the whole organization. Simplifying processes such as performance management can produce real benefits. Adobe, for instance, has replaced formal performance appraisals with a more discursive model that provides people with meaningful feedback and has freed up time and energy for business development. Developing a standard process model that everyone understands provides a framework for generating ideas and opportunities for improvement.

Delivering the desired benefits may mean changing the ways that customers interact with HR by, for example, introducing customer self-service. HR services should be designed back from the needs of the end user and available 24/7. Given the trend towards mobile, HR must embrace technology as a means of speeding up response times, personalizing and improving the consistency of service quality. Improving HR processes may mean changing the way work moves between business units by, for example, introducing transactional shared services or business support models. It is important to understand the interdependencies across the transformation programme

since these changes can impact the management structures, information systems and data that are needed to support the business.

An effective implementation plan can be designed to ensure that the benefits are realized as early as possible. However, instead of linear planning approaches that assume change happens in a predictable way, it's important to adopt adaptive, iterative planning to be more adaptable; flexing and learning as change takes place at any point during a change process. For instance, with respect to improving employee engagement, in a fluid context engagement levels may fluctuate so to make the greatest progress it is important to work on matters in which employees invest a high amount of emotional energy at a given time. It's a question of identifying quick wins and strategic business opportunities that can be prioritized to create a portfolio of improvements that can deliver in the short term and also provide medium- and long-term benefits.

Transformation is thus delivered as a series of change iterations rather than a single major change programme. Reaching milestones towards the vision allows progress to be celebrated, and also aspirations to expand. This provides the rationale for ongoing change, which employees too can initiate and is the spur to innovation. Employees are up for the next challenge – after all, delivering an engaging purpose is a journey, not a destination.

Conclusion

An agile, resilient organization is becoming the template for competitive advantage and business survival in the 21st century. Resilient organizations recognize that since nothing is guaranteed, failing to anticipate will increase the chances of failure. With a change-able culture an organization becomes much better at spotting opportunities and speedily implementing strategy. As a result the organization becomes better able to innovate, serve market needs and capture opportunities faster, at less cost, with less stress and chaos. In addition, rather than dreading change, a change-able workforce will welcome change, seek it out, be prepared for it and find ways of adjusting themselves, contributing to the overall success of the organization. Employees are more likely to believe that the organization's leadership really knows what it is doing in leading the organization's change strategy.

Building a future workforce capable of working in new ways will involve improving the skills and competencies people really need, especially for people in new roles. Employers must identify workers who score highly for learning agility and use candidate-centric approaches to recruit best-fit candidates for the organization. With sufficient advance notice, employees whose jobs will be automated or changed can be trained and upskilled in key areas of competency to become an internal talent supply pool that is future-proofed. It's about preparing existing workers for the digital future,

continuously reskilling and upskilling them to create a capable workforce, encouraging ongoing development as career currency, and in the process emphasizing human strengths in the collaborative relationships between people and between people and machines. HR can build the right capability by recruiting and developing engaging managers and leaders who can coach and nurture team development. Companies that embrace these challenges today will be better positioned to create a workforce that can thrive in the digital age and produce the innovations that organizations crave.

But the agile transformation must benefit the workforce too. Technology has the double-edged sword potential – to enhance jobs or eliminate them. This puts employers in a key position to influence society more broadly by the way they treat employees. After all, as WEF (2018) points out:

> These transformations, if managed wisely, could lead to a new age of good work, good jobs and improved quality of life for all, but if managed poorly, pose the risk of widening skills gaps, greater inequality and broader polarization. In many ways, the time to shape the future of work is now.

HR's own transformation must be accelerated, and line managers upskilled, so that HR can focus on new responsibilities. Managers must be action-oriented, focused on achieving results and also good at getting the best out of others. HR must help build line-management capability – for people management, change management, stress management and conflict management. HR has a vital role to play in building effective agile leadership for the future, as well as providing challenge (and coaching) to today's senior managers if their behaviours fall out of step with company values. Employees too must be willing to use their initiative and make efforts to further the interests of the organization.

In summary, the building blocks of organizational agility and resilience are not complex and operate on foundation principles: 1) accelerate the pace of strategic renewal; 2) focus intensely on the customer; 3) innovate across boundaries; 4) demonstrate values-based leadership; 5) build a culture of purpose, empowerment, trust, meaning and accountability; 6) select, motivate and support people who have the requisite skills to flourish in ambiguous and uncertain environments.

HR working with OD colleagues can make a substantial contribution to laying these foundational elements. By taking the long-term view and focusing on the customer, on the workforce and on the culture, HR can help build adaptable, innovative organizations where people want to give of their best. In the next chapter we shall look at how HR can support the development of a learning culture that is conducive to innovation.

18

A culture conducive to innovation and learning

Introduction

These days organizations must innovate or die. As we discussed in earlier chapters, the Fourth Industrial Revolution (4IR) based on cyber-physical systems has unleashed disruptive digital forces that are significantly impacting companies and markets and increasing competition. In periods of discontinuity the cycles of rapid technological change become especially challenging for established companies in any given market (Ansari and Krop, 2012). Indeed today sustainable competitive advantage seems increasingly the exception, rather than the rule. To succeed, companies must not only be agile, but also adopt transient business strategies that focus on developing multiple innovations in order to gain rapid, if temporary, competitive advantage. These strategies tend to be more customer-centric, fluid and less industry-bound or product-led than their predecessors.

Therefore the ability to innovate must become part of the company DNA, embedded in the 'way we do things around here' rather than an optional add-on to business as usual. De Jong *et al* (2015) argue that without a fully developed innovation system, large organizations probably won't innovate successfully, no matter how effective their insight-generation process is. Similarly, learning must keep pace with, or outpace, the rate of change. Central to this transformation is not only technology, but also organizational culture and the abilities, experience, expectations and behaviours of workers and customers. This makes an OD approach to HR key to enabling the dynamic transformations of systems, culture and people capabilities that will equip organizations and their stakeholders to succeed in a volatile landscape.

In this chapter we shall explore the systemic role HR can play in building a culture conducive to innovation and learning:

1 The need for innovation.

2 What do we mean by innovation?

3 What is an agile approach to innovation?

4 What's the role of HR and L&D in building a culture of innovation and organizational learning?

The innovation imperative

The concept of innovation is directly related to the generation of successful ideas that lead to profitable products, processes, services or profitable business practices (Schumpeter, 1982; Tidd and Bessant, 2018). What distinguishes innovation from creativity is the implementation rather than simply the generation of ideas (Sarooghi *et al*, 2015). Innovations can occur by chance, though de Jong *et al* (2015) argue that most innovations occur at the intersection between having a valuable problem to solve, a technology that enables a solution and a business model that generates money from it. Tidd and Bessant argue that innovation can occur at any point along a dimension ranging from incremental to radical with respect to four directions of change:

- Product innovation – changes in the products/services an organization offers.
- Process innovation – changes in the way things are created and delivered.
- Position innovation – changes in the context in which products/services are introduced.
- Paradigm innovation – changes in the underlying mental models that frame what an organization does.

Arguably the latter offers the greatest innovation potential. Because while innovation is highly desirable, most big companies miss out on new waves of innovation and big companies do not easily reinvent themselves as leading innovators (De Jong *et al*, 2015). Those with legacy business models have, for the most part, fallen further behind. Barriers to boldness and speed are less about technical limits and more about such things as mindsets towards growth and about what is possible. It's the culture – the values, norms, unconscious messages and subtle behaviours of leaders and employees – that often limits innovation performance. Too many fixed routines and cultural factors can get in the way, such as bureaucratic chains of command and whether or not the implicit or explicit policies that slow things down can be challenged.

As De Jong *et al* (2015) point out:

> Too often, companies simply get in the way of their own attempts to innovate.
> A surprising number of impressive innovations from companies were actually the fruit of their mavericks, who succeeded in bypassing their early-approval processes. Clearly, there's a balance to be maintained: bureaucracy must be held in check, yet the rush to market should not undermine the cross-functional collaboration, continuous learning cycles, and clear decision pathways that help enable innovation.

Similarly, business strategy can prevent innovation in practice. Companies that attempt to adopt new technologies and want to embrace sustainable business models must take on initial risk, but many companies dare not tamper with their core business model until it's obviously under threat. Conventionally, when a company uses a certain technology, or operates in a certain manner, it tends to protect its business format, innovating only within the scope of its current activities and business model (Archibugi *et al*, 2013; O'Reilly and Tushman, 2004; Seebode *et al*, 2012). Since a business model is related to learning cycles, companies often end up 'stuck', replicating only what they already know. Often what are thought of as innovations are simply a reworking of existing resources or approaches for a different effect. Similarly, well-established businesses often focus on improving their products and services for their most demanding (and usually most profitable) customers, and ignore the needs of others, leaving them vulnerable to the innovative approaches of disruptive smaller companies.

Indeed, it is usually market outsiders that innovate to a greater degree (Seebode *et al*, 2012). Therefore Christensen *et al* (2015) argue that, whatever the industry, a successful company with established products will get pushed aside unless managers know how and when to abandon traditional business practices. They point out that disrupters tend to focus on getting the business model, rather than merely the product, just right. When disrupters succeed, their movement from the fringe (the low end of the market or a new market) to the mainstream erodes first the incumbents' market share and then their profitability.

Learning, and making the most of talent, is another key feature of innovation. Yet in today's fluid and disruptive global market environment, companies can no longer depend solely on internal knowledge in their quest for market advantage. Just as the massive growth of AI, robotics and cognitive computing has produced a tidal wave of data, so the global economy has enabled the flows of talent, products and money across borders, and innovations often emerge from external partnerships. As businesses seek flexibility and collaboration across their ecosystem, the policy of companies keeping their proprietary knowledge to themselves is now increasingly under threat from the movement of workers alone.

For companies to truly innovate, it is argued that they must challenge both market and corporate boundaries (Ansari and Krop, 2012) and engage in an act of 'creative destruction' (Schumpeter, 2018) to unblock barriers to change and innovation. Boston Consulting Group (Reeves and Whitaker, 2018) argue that while new technology can accelerate learning in individual process steps, in order to create aggregate organizational learning and competitive advantage there must also be a transformation of business cultures, strategies, structures and core work in order to enable organizational innovation. For many companies this is hard to achieve.

Organizational ambidexterity

The dilemma facing many established companies that wish to adopt a transient advantage approach is where to innovate. Here the concept of organizational ambidexterity is useful (Archibugi *et al*, 2013; O'Reilly and Tushman, 2004; Seebode *et al*, 2012). This suggests that companies need to strike a dynamic balance between exploitation (maintaining efficiency and exploiting their existing business models to the full) and exploration (of new opportunities and new business models), which will vary according to circumstances. They must manage the trade-offs between efficiency and innovation.

The choice of where to focus (innovation versus efficiency) tends to be institutionalized, reflecting both strategic preferences and cultural practices and also individual choices and behaviours. If the organization really favours maintaining the status quo over innovating, this will be reflected in HR practices such as training and reward, which in turn will shape individual and team behaviour.

For successful exploitation, efficiency is considered key, but this can lead to a bias towards cost saving and risk minimization, whereas innovation may require some investment and risk taking. Indeed, efficiency bias can dominate at the expense of developing new products which, being untried, might seem risky investments. Instead many organizations favour sustaining and improving their existing business model through creative resource integration, which is about improving value creation by reusing resources and practices in new contexts. Some might try to become industry-leading through both scale and costs, pricing new products as low as possible to dominate the market segment or withdraw if this proves impossible. To market at the desired volume and quality, resources and capabilities must be gathered to make sure a new product or service can be produced and delivered quickly. Another approach is to ensure that business processes are so streamlined that a company can be first to market with a high-quality, low-cost product. The challenge is to both deliver some innovation within the existing business model and at the same time make continuous improvements.

While creative resource integration activities may not be considered innovative at the time, they are often subsequently recognized as innovation based on aggregation. This occurs when service and product innovations and breakthroughs achieved through resource integration are rapidly scaled up, creating a change in practice that aggregates and produces value at a higher level. This cannot occur without learning (Drejer, 2004). Being truly innovative requires a both/and approach – balancing creative resource integration and the drive for continuous improvement with proactively exploring new opportunities.

The innovation process

There are many variations on innovation process. McKinsey (De Jong *et al*, 2015) propose eight overlapping, iterative steps to innovation excellence. The first four – aspire, choose, discover, evolve – are strategic and creative in nature. Innovation-initiation decisions are usually made by top management, who set aspirations that forge tight connections between innovation, strategy and performance. When this works well, leadership regards innovation-led growth as critical, opportunity management happens on an ongoing basis as part of leadership meetings/conversations and during business/strategic planning. Leaders focus people's minds by defining market spaces and setting financial targets for innovation. New opportunities are actively identified, prioritized/deprioritized and appropriately resourced. It's always clear what is being pursued and why.

Such leadership behaviours set the terms and conditions under which innovation is more likely to thrive. A McKinsey study (2010) found that when senior executives are involved in setting the capabilities agenda, such as innovation, companies are more successful at aligning those agendas with the capability most important to performance, and more effective at building the needed skills.

The second four of McKinsey's steps to innovation excellence – accelerate, scale, extend and mobilize – are concerned with how to deliver and organize for innovation repeatedly and at pace over time and with enough value to contribute meaningfully to overall performance. 'Extend' means that companies must create and capitalize on external networks to stimulate innovation. 'Mobilize' concerns how people must be organized, motivated and rewarded to innovate continuously.

Most innovation models depict the process as linear, involving progression through a series of key stages ranging from idea generation to the diffusion of a new product or service, eg R&D, testing, manufacturing and dissemination (Kanter, 1988; Tornatzky and Fleischer, 1990). Some stage gate models describe the interim steps involved in getting an innovation to market, ranging from user awareness of an innovation to its selection, adoption and implementation followed by routinization (Greenhalgh *et al*, 2005; Karlström and Runeson, 2006). In most linear models, key phases include the adoption and implementation of an innovation.

Adoption

Adoption, which refers to an organization's decision to implement an innovation, is the critical intermediate stage between the idea generation and evaluation stage. For an innovation to reach the market it must first be adopted by all involved in the process, from management first hearing about the idea to the people involved in its

manufacture and the salespeople who must sell the new product or service. After all, while innovation is usually driven by individuals, often 'mavericks', who can see new opportunities and are motivated to do something about them, if the creative idea has not been sold to anyone, then the chances of that innovation being adopted, and therefore its value, are relatively small.

Even those managers and leaders who may have embraced the need for 'Blue Ocean' strategies may struggle to make decisions about which innovations to adopt, or to answer questions such as: How do we know if this idea is worth pursuing? Have we found the right solution? What is the best business model for this new offering? Research suggests that the ability to perceive and weigh up opportunities is affected by prior experiences and competencies (Kuckertz *et al*, 2017), which create mental schemas that provide a framework for perceiving new information. Furthermore, perceiving opportunities as they emerge depends on the alertness of individuals, which allows people to spot opportunities even though they are not actively searching for them. Alertness and this ability to connect the dots, at least partly, come from cognitive abilities such as intelligence and creativity (Benedek *et al*, 2012).

On the other hand, Furr and Dyer (2014) suggest that innovation skills can be learnt, even if they may run counter to traditional managerial thinking and practice. Dyer *et al* (2009) conducted a comprehensive study of successful innovators and found five behavioural and cognitive 'discovery' skill sets that constitute the 'innovator's DNA'. These are: 1) associating: drawing connections between questions, problems or ideas from unrelated fields; 2) questioning: posing queries that challenge common wisdom; 3) observing: scrutinizing the behaviour of customers; (4) experimenting: constructing interactive experiences and provoking unorthodox responses to see what insights emerge; and 5) networking: meeting people with different ideas and perspectives. In addition, trial and error is likely to involve failure and the need for correction. So actions such as 'mastering the pivot' may be called for (Furr and Dyer, 2014).

Taking stock about your organization: Are managers with the right knowledge, skills and experience making the crucial decisions in a timely manner, so that innovation continually moves through the organization in a way that creates and maintains competitive advantage, without exposing the company to unnecessary risk? How are mavericks treated in your company? How could decision makers be supported in developing 'discovery' skill sets?

Implementation

Evaluations of developed ideas may be considered as the 'end' of the idea generation and adoption stages of the process and the 'beginning' of implementation (eg Amabile,

1988) – ie the application or use of the innovation (Choi and Chang, 2009; Klein *et al*, 2001). The challenge is how to translate a potential innovation into practice and scale it up. This is likely to involve prototyping the solution and validating the go-to-market strategy of the business model. Funding must be set aside in advance to allow for new ideas to be piloted and scaled if successful.

While the senior leadership create driving forces (Lewin, 1947) towards implementing an innovation they may meet resistance from staff groups, especially if jobs are at stake. Successful implementation of innovation often boils down to a question of relative power (Damanpour and Schneider, 2006). Leaders attempting to impose an innovation may use various 'push' models, such as rational persuasion, to try to convince employees about the viability of an innovation and its likelihood of achieving expected gains (Bersin and Sosik, 2007). If they still meet resistance, top managers may have to back off and adopt relatively simple, incremental innovations that could be more easily accepted by employees, especially if these do not put jobs at risk.

Traditionally HR and others have helped senior leaders in the task of implementing innovation, by creating formal facilitation systems to encourage or oblige employees to implement a given innovation. These include communication, reward policy, training programmes, performance evaluation criteria and organizational restructuring. So senior leaders can use both 'carrot and stick' to gain acceptance, for instance by offering financial incentives, threatening job security, or organizational restructuring, contingent on implementing the innovation. Then as individual projects across the company start to fulfil desired outcome aspirations, leaders can embed innovations by clarifying responsibilities and using appropriate incentives and rewards.

However, Edmondson (2008) argues that these 'push' behavioural strategies so characteristic of the machine age, produced an unfortunate legacy that still characterizes many workplaces today – an undercurrent of fear. As a result critical information and ideas often fail to rise to the top. Moreover, as Edmondson points out, the managerial mindset that enables efficient execution often inhibits employees' ability to learn and innovate: 'A focus on getting things done, and done right, crowds out the experimentation and reflection vital to sustainable success'. Edmondson advocates a radically different organizational mindset, which she calls 'execution-as-learning', that focuses not so much on making sure a process is carried out as on helping it evolve into day-to-day work.

As readers of this book will be aware, leaders are far more likely to boost employee motivation and increase acceptance of innovation if they involve employees early in the innovation process and in decision making about the adoption of the innovation (Sung and Choi, 2012).

Agile approaches to innovation

To enable 'execution-as-learning', an agile approach to innovation and learning is required. While traditional innovation processes are often predictable and sequential (Eriksson *et al*, 2005), the agile approach to resource integration and innovation is at the opposite end of the bureaucracy scale (Holbeche, 2019). This favours flexible processes to enable quick responses to changing environments or customer needs.

Adopting an agile approach to innovation is not at odds with operating within a longer-term strategic framework, but it allows organizations to become more responsive to changing circumstances and change tack accordingly. Silva and Di Serio (2016) argue that for an organization to innovate continuously it should maintain a systematic learning process that allows it to take advantage of new ideas. Companies that do this stand out because they understand the dynamics of innovation in their markets, capturing and responding to changes and signals that arise from the environment. However, they argue, even the most proactive approaches contain an element of reactivity, since the focus of innovation is usually based on assumptions about customer needs.

The agile discovery process is iterative, and the active use of prototypes can help companies continue to learn as they develop, test, validate and refine their innovations. Tentative work processes are set up as a starting point and keep developing through experiments, rather than following a blueprint. Agile innovators embrace feedback, especially from customers who to some extent at least are involved in innovation co-creation. Innovators see change, and even crisis, as an opportunity rather than a challenge (Williams and Cockburn, 2003). Thus, an agile approach to innovation is about experimenting, making mistakes and learning from them (Paluch *et al*, 2020). Instead of planning, then acting, here people act-learn-plan, ensuring that lessons learnt from success and failure are captured and assimilated. It's about building on what emerges as well as recognizing innovation efforts even when they are not fully successful.

A change-able, innovative culture

As stated earlier, effective leadership is one of the enabling conditions for such creative adaptability. The others are a change-able culture and working practices conducive to innovation and continuous learning. From a complex adaptive systems perspective, as in learning organizations, these conditions include teamwork, collaboration, opportunism and a broad-based, systematic approach to continually generating and sharing insights and new ideas, including using internal and external networks, as the case study in this chapter will illustrate. Such a culture can take years to establish, particularly in large, mature companies with strong cultures and ways of

working that were previously fit for purpose (Pisano, 2019). It is for this systemic behavioural and culture change that HR/OD needs to prepare the organization.

How change-able organizations and individuals can become will depend on many factors. Research suggests that many individuals have difficulty embracing proactive learning, ie developing new skills or renewing competence ahead of need (Annosi *et al*, 2018) and may require a crisis before change is initiated (Callander, 2011).

The same might also be said of institutions. Changes in working practices often take a long time to implement. Yet during the global pandemic, many organizations managed to transform their ways of operating seemingly overnight. While the crisis caused some organizations to focus exclusively on their cash-flow and short-term survival tactics, others used the crisis to pivot towards organizational or business model transformation. For instance, in August 2020 BP posted weak results and a dividend cut in their traditional oil business and at the same time took the opportunity to highlight to stakeholders the potential for business transformation and a new strategic direction. The company now aims to reduce its dependence on fossil fuels and rapidly increase its investments in low-carbon technologies and renewable energy generation, becoming the 'greenest' electricity producer globally. Such evidence of organizational adaptability during the pandemic crisis suggests that cultural and strategic change can be more rapid when there is an overwhelming urgent challenge or a unifying purpose to address.

Paradoxical cultures

However, as Pisano (2019) points out, innovative cultures are paradoxical and may require both 'hard' and 'soft' approaches to stimulating desired practice. Tolerance for failure (to enable experimentation) requires an intolerance for incompetence (to strengthen accountability and delivery). Building a culture of competence requires senior leaders and managers to clearly articulate expected standards of performance and encourage employee development. Hiring standards may need to be raised, even if that temporarily slows the growth of the company.

Similarly, while organizations that embrace experimentation are comfortable with uncertainty and ambiguity, Pisano argues that willingness to experiment requires rigorous discipline to learn from productive failures that can yield valuable information. Discipline-oriented cultures choose experiments carefully on the basis of their potential learning value, and they design them rigorously to yield as much information as possible relative to the costs.

Empowerment and collaboration must be underpinned by individual accountability. An accountability culture is one where individuals are expected to make decisions and own the consequences. And a flat structure requires a flat culture in which people are given wide latitude to take actions, make decisions and voice their opinions. Deference is granted on the basis of competence, not title. Leaders can encourage

empowerment and accountability by publicly holding themselves accountable, even when that creates personal risks. Pisano argues that, unless the tensions created by these paradoxes are carefully managed, attempts to create an innovative culture will fail.

HR's role in building a culture of innovation and organizational learning

To build change-able, innovative, learning cultures, HR requires an OD mindset to use its levers systemically to shift mindsets and practices in favour of innovation.

Designing in innovation

Of course innovation can emerge over time, but it can also be designed in. To create an agile and scalable learning culture, structural changes may be necessary to promote collaboration, learning and experimentation.

AGILE STRUCTURES

The building blocks for the agile organization include a flat organizational structure, flexible resources, and cross-functional and self-managing teams who are responsible for product development and product launches. Processes are no longer siloed into functional hierarchies, but instead are managed by technologically adept networks of teams who apply technologies like AI and machine learning to mine and leverage massive amounts of data. In what Kevin Kelly (1999) calls 'chunking', the interdependent parts of an organization share control and act locally in parallel since in a distributed network a central command structure slows things down. Leadership is not just top-down but dispersed; there is a genuine sense of community, with many people at all levels taking personal responsibility for proactively driving things forward.

Agile companies are typically engaged in robust partnerships in an expanding business ecosystem. Continuous learning, digital literacy, rapid iteration of processes, standardized tasks, entrepreneurial orientation and role mobility are typical of these companies, along with a committed application of next-generation technology.

HR policies and practices in particular, such as performance management and reward systems, act as powerful reinforcers of dominant strategic tendencies and preferences. So if efficiency bias is reflected in most structural processes, ie what you get rewarded and promoted for, people will focus on being good at their current day job and ignore innovation if this is seen as optional. So the structural features of agile, learning organizations require equivalent HR practices to reinforce new directions rather than the previous status quo, thus laying a more solid foundation for future success.

What skills and capabilities will your organization need to succeed in a multi-partner ecosystem? What will this mean for the kinds of work people will be doing? Where will the talent required come from? What kinds of leadership and management will be needed? How do we achieve the great leap forward in lifelong learning to equip people with the digital and other relevant skills they will need for the new workplace?

Supporting individual creativity and motivation

Employee creativity – evident when employees come up with novel, original, relevant and useful products, ideas or processes (Drazin *et al*, 1999) – is a key component of innovation. While an individual's competencies supply one part of the creativity equation, motivation provides the other part (Burroughs and Mick, 2004; Findsrud *et al*, 2018). Research suggests that an initiative-friendly culture with a good person–organization fit increases both the motivation and the impact of individual creativity on organizational innovation.

HR/L&D can provide practical support to help employees learn how to innovate. For instance, Intuit (2013) used design thinking to develop a Catalyst toolkit, which provides employees with tools and methods to give them some support in the innovation process. The toolkit activities reflect key elements of Intuit's innovation philosophy: deep customer empathy; go broad to go narrow; rapid experiments with customers. This support enhances both individual and team capability and motivation. It has signalled what the company values, including its respect for employees and has resulted in numerous innovations within and by the company.

PSYCHOLOGICAL SAFETY

To create a context of execution-as-learning, especially in organizations where knowledge constantly changes, workers need to collaborate. Workers must make wise decisions without management intervention. They must therefore be willing to take risks. Honest critical feedback is essential to innovation because it is the means by which ideas evolve and improve. The extent to which workers are willing to risk experimenting (and potentially failing) will largely depend on how the organization deals with the consequences of past decisions. So a 'blame culture' kills innovation, while a learning culture enables it.

HR's task is to work with leaders to create a context of psychological safety (Edmondson, 2008) in which it is OK to challenge, experiment, learn and occasionally make mistakes. This means ensuring that no one is penalized if they ask for help or admit a mistake. Managers foster psychological safety and move to a higher level of execution when they set direction and empower, rather than using solely top-down direction and control; when they ask the right questions and provide valuable information to guide employees' judgement and enable collaboration, rather than

providing the right answers; and when they focus on flexibility, rather than insisting on adhering to rules. As role models, leaders must pay attention to how they behave around fresh thinking, avoiding the default behaviours of judging and taking over decision making. They must inspire possibility and visibly show positive energy. People are more likely to offer innovative suggestions – about ways to lower costs and improve quality – when managers show that they want to hear from employees, value their input and when feedback is two-way.

HR can help leaders learn how to foster psychological safety, for instance through coaching, by organizing visits for executives to organizations using innovative practices, using development programmes and company conferences to encourage leaders and front-line managers to learn new approaches together and share mistakes, as well as the latest best practices.

BUILD IN 'SLACK'
To encourage innovation, it is vital to build some 'slack' into the system. Though from an efficiency perspective slack is often considered wasteful, in practice it provides vital breathing space for ideas to flourish. Slack might take the form of giving people embarking on innovation greater access to technology, increasing staff knowledge by investing more in L&D, providing support personnel to ensure that normal work gets done while the innovation process is under way. Slack might also take the form of recruiting for scarce skills, eg data-driven mindset to bring in the right capabilities. These actions all provide a cushion of time and resource and reduce the pressure to create sub-optimally in haste. Google's famous workforce rules require employees to spend 10 per cent of their time on innovation projects that are not part of their current job, whether or not these are aligned to Google's current business plan. Having time to innovate can be a reward in itself: Intuit gives its best business innovators three months of 'unstructured' time that can be used in one big chunk or spread out over six months for part-time exploration of new opportunities. This is about designing in the link between the company's explicit strategies with the ways people actually relate to one another and to the organization. Innovation can be part of everyone's work routine if they incorporate it into accomplishing their team's goals.

Team innovation practices

Individual creativity, no matter how brilliant, rarely results in successful innovations, which are more usually the result of team effort, as the well-known story of the development of the Apple iPhone would attest. Helping people to share ideas and knowledge freely is often approached as an organization design challenge. Companies may co-locate teams working on different types of innovation; they may regularly review the structure of project teams to make sure they always have new contributors.

Cisco encourages employee interaction and knowledge sharing by investing in innovative technologies that blend the physical and the virtual work environments. IBM research found that many successful organizations have established innovation teams that comprise internal and external collaborators. Some companies set up 'skunk works' where small groups can work on important projects outside the normal working environment while building new ways of working that can be scaled up and absorbed into the larger organization (Rigby *et al*, 2018).

In team contexts, sharing knowledge among team members is vital to creativity and innovation. Tacit knowledge that is difficult to codify can provide organizations with a competitive advantage, which cannot be easily imitated by rivals (Nonaka, 1994; Thomas, 2002). However, there are often motivational and political barriers to sharing knowledge in teams since individuals may be reluctant to share knowledge with others because of the value and competitive advantage it brings to them personally (Lin, 2007). People need to feel secure and fairly treated before they are willing to risk sharing their best insights with companies that may dismiss them. So even if jobs may not be guaranteed, having opportunities for skill and experience growth may be an adequate recompense for some.

SUPPORTING COLLABORATIVE WORKING

Whatever the team structure, generative behaviours and relationships and growth mindsets are crucial to effective team functioning and knowledge generation. Many firms now operate semi-virtually with teams located across the world as well as working from home. Such networks of empowered and connected employees typically self-organize into communities of practice for learning and mentoring, and are empowered to participate, lead and organize teams, experiment, commit to action and do what needs to be done. Technology including social media can foster a culture of collaboration by creating online spaces for employees to share ideas, create projects and track performance with colleagues around the world. Providing opportunities for employees to meet – virtually or in person – to have live interactive chats with executives, virtual round tables, and town-hall meetings keep people up to date and participating. When HR and other organizational processes are streamlined, this can help create a sense of interconnectedness.

HR can support the development of collaborative working in many ways. For instance, by encouraging or facilitating knowledge networks and communities of practice that bring together critical areas of expertise and responsibility and aid knowledge sharing and co-creation. One company that supplies office venues that can be hired by various smaller companies organizes a monthly coffee morning where people from different firms in these venues can meet and potentially create links that can generate new business opportunities. Within large organizations HR can organize such 'collision' gatherings that bring together people from across the business for the

same purpose. OD approaches such as hackathons, Open Space and so on provide a means for many people to be involved in generating ideas without fear of failure.

HR can provide training in team skills that help employees build relationships that foster collaboration and idea generation within and across the organization. Intercultural competencies can be developed, such as empathy, relationship-building, open-mindedness, resilience, flexibility and orientation towards learning that help people interact effectively with people from communities and backgrounds different from their own. HR can develop effective diversity and inclusion policies, which result in a wide blend of talent being available to participate in innovation processes.

Employees will remain the vital 'glue' in the new world of work as they embrace a flexible and agile way of conducting everyday business and take on ever more complex tasks, leaving repetitive, everyday chores to machines. It is critical that those individuals are fully engaged and recognized for their higher level of contribution to the enterprise. HR can devise performance management, reward and recognition schemes that reinforce innovation, teamwork and knowledge sharing. Appraisals should become outcome-based rather than focusing predominantly on inputs; people's performance should be measured on results versus how many hours they put in; and ongoing two-way feedback will be a key feature. HR may also need to support managers in becoming much clearer about what success looks like.

With respect to rewards, salary structures should be transparent and salary decisions decentralized. While extrinsic incentives such as merit pay are often used to reinforce knowledge sharing and innovation in teams, these may actually reduce the satisfaction and motivation of individuals for engaging in generous behaviour. Toxic solely individual bonuses should be avoided. Instead, or as well, HR should design reward and recognition processes that appeal to people's intrinsic motivation to engage in knowledge creation and sharing. Research suggests that employee creativity is highest in contexts characterized by high levels of work engagement, employee self-efficacy, autonomy, support and resources (Amabile *et al*, 1996). When teams develop strong social capital among members, the connections, trust and shared understanding offer intrinsic rewards, such as camaraderie and a sense of achievement from work that involves knowledge sharing (Kalman, 1999).

USE APPROPRIATE METRICS

Similarly, metrics focus people's minds on what 'good' looks like with respect to their performance. For innovation, customer-oriented targets and measures are essential. Other metrics that promote organizational innovation include:

- Percentage of revenue from products or services introduced within a given period of time (say, the last fiscal year).
- A pipeline of new ideas that includes a set ratio of short-term products or services and longer-term game changers (say, 75–25%).

- Percentage of employees who have been trained and given tools for innovation.
- Percentage of time dedicated to discovering, prototyping and testing revenue-generating new products, services or business models (say, 10–20%).

(Kaplan, 2013)

Creating a climate of trust and common purpose

Common purpose is key to knowledge sharing and innovation since in such a climate trust, respect and flexibility, the mainsprings of innovation, thrive. Personal trust moderates the relationship between business ethics and individual creativity since people's motivation to innovate can be directly impacted by the nature and purpose of their organization. The most uplifting forms of corporate purpose identify the ultimate beneficiaries of organizational efforts whether these are patients, customers, the environment or society as a whole. There is increasing evidence that organizations with such a corporate purpose are more likely to experience increased creative effort and innovation (Choi *et al*, 2009).

Such a purpose engages and inspires people, and provides parameters within which they can be creative and empowered in serving the needs of their customers. People tend to identify more with, and feel a sense of belonging to, companies that exhibit values that they share (Jones *et al*, 2014). The COVID-19 pandemic has given greater urgency to this purposeful agenda and has emphasized the interconnection and interdependence of businesses with their full range of stakeholders, as pharmaceutical companies, for instance, collaborate to urgently develop vaccines. And during the pandemic crisis companies of all sizes and sectors demonstrated their values in practice as they identified and executed ways to support national and international response efforts. For instance, luxury brand LVMH pivoted their production strategy to help meet increasing demands for medical supplies and 3M's CEO announced the company's plan to increase production for critical medical supplies for impacted cities. By so doing they were showcasing company values, supporting employees, and helping local communities and society as a whole.

For a company to be truly sustainable, it must first adopt a sustainable business model that not only focuses on processes, services and products, but also, above all, treats its workforce humanely. The workforce, together with social and environmental practices form the base of the social, environmental and economic sustainability tripod (Silva and Di Serio, 2016). Employees, regardless of where or when they work, are all human – and will appreciate a humanized, and personalized, approach to workplace management. For instance, an NHS study advocates that organizations should 'put the patient at the centre of all they do, get smart intelligence, focus on improving organizational systems, and nurture caring cultures by ensuring that staff feel valued, respected, engaged and supported' (Point of Care Foundation, 2014). In such organizations, leaders at all levels must reinforce customer-centric ideals and

informal ways of working and build trust by 'walking the talk' on values and bringing purpose to life. People will have roles in which they can grow and have clear line of sight to how their job or project delivers the purpose. As a result, short-term actions are informed by what is needed longer term.

For many companies COVID-19 was probably the first opportunity to test their commitment to purpose as it applies to their people. During times of crisis, effective leaders become important sources of trust, stability, meaning and resilience. They also play a vital 'sense-making' role for those around them. Peter Harmer, outgoing managing director and CEO of Insurance Australia Group (IAG), the largest general insurance company in Australia and New Zealand, says that IAG's purpose, which is to 'make your world a safer place' is the framework through which all decisions are made, starting with IAG's people and customers. During his five-year tenure as CEO he prioritized cultivating a culture of trust, 'tethering resilience to real beliefs' (Blackburn, 2020). He believes this deep commitment to purpose explains IAG's resilience during the COVID-19 pandemic. Similarly, the purpose espoused by facility services company ISS is to make a positive difference in the lives of the millions of people they serve every day. They have worked out how to connect strong corporate governance and financial success to the well-being of employees while also reducing climate and environmental impacts. This overall purpose motivates a stronger customer engagement and leads to lower employee churn and higher margins (Deloitte, 2020a).

For Peter Harmer (Blackburn, 2020), trust comprises four important elements. One is reliability. If you say you're going to do something, follow through and get it done. The second element become acceptance that management doesn't have all the answers. More often than not, answers come off the shop floor, and managers need to recognize the importance of being open to these ideas. The third element is openness and transparency. 'This involves letting people know the full circumstances in which we're making the decisions and not shielding them from some of the ugly truths out there and equipping them to actually use the information to sort out their own thinking processes around the decision that has been made'. The final element is congruence, ensuring there is consistency between what's said and done.

Trust can also be built through employee participation in workplace decision making. This can improve the capabilities of employees, enabling them to perform better. It can lead to improved communication and coordination among employees and organizational departments and help integrate the different jobs or departments that contribute to an overall task. Employee involvement (EI) interventions can improve employee motivation, particularly when they satisfy important individual needs. Motivation is translated into improved performance when people have the necessary skills and knowledge to perform well and when the technology and work situation allow people to affect productivity. Skill training in group problem solving and communication can increase employee participation in decision making

(Cummings and Worley, 2015; Cheung-Judge and Holbeche, 2015; Dignan, 2019). We shall return to the themes of trust and purpose in the next chapter.

TAKING STOCK

Do leaders 'walk the talk' on values and purpose? How do leading companies embed innovation and learning into their culture? How do they stimulate, encourage, support and reward innovative behaviour and thinking among the right groups of people?

CASE STUDY
Developing agility and innovation at Kellogg's

I am grateful to Stephanie Atkinson, formerly HR Director, European Functions & Culture Change Lead at Kellogg's and her colleagues for this case study, which illustrates how one very successful organization has been developing a culture of innovation.

Most people will have heard of the Kellogg Company, the US firm with a 100-year history of commercial success perhaps best known globally for its breakfast cereal brands. The challenging backdrop post-2008 in the aftermath of the global recession and a shift in breakfast food trends provided a wake-up call for the need to work differently. The advent of e-commerce was resulting in fast-paced change in the retail sector; creating difficult trading conditions, retailer consolidation and ongoing supermarket price wars, which makes for a challenging and highly competitive operating context.

By 2016, it was clear that the challenge for the Kellogg Company in this context was to get to market quickly, to innovate, reprioritize its master brands and diversify in snacking trend foods such as by acquiring the popular snack brand Pringles that was on the rise and capable of double-digit growth.

The OD challenge

Stephanie Atkinson and Sam Thomas-Berry, VP HR Europe at the Kellogg Company, recognized the business challenge and were convinced that embracing organizational agility could be the key enabler to unlocking new growth for Kellogg's and managing the headwinds of change. While agility was already a global strategic imperative within the Kellogg Company, so far it existed only in small project teams. For instance, the concept of power teams, based on agile principles, was already being used by the business as a means of enabling innovation, such as when the Cereal Power Team had innovated on organic products two years previously in the face of real pressure.

Stephanie recognized that building a culture conducive to agility would enable the organization to rapidly adapt to changes; do things better, faster, cheaper and to work together as one team more intelligently. She also knew that embarking on agile working on a large scale is a major undertaking for any organization, especially one with a long and

successful legacy. It can be a daunting prospect, especially if this is approached as primarily an organization design challenge. Yet in many organizations the real challenges are in the culture, especially for mature companies where established ways of working can be hard to change.

In the case of Kellogg's it was becoming evident that the culture of the organization was paradoxically both a barrier and an enabler to growth. Like many US companies Kellogg's tends to celebrate its positive company culture, yet different teams in different company locations naturally also have their own cultures. Surveys suggest that what employees like most about working for Kellogg's are the family values, 'its heart and soul' and real commitment to employee development. Yet the many strengths of the culture were at risk of being overplayed, creating blind spots and complacency. For example, the organization is very relationship-driven and too much alignment was leading to slower decision making. The organization was not responsive enough to change, key processes hindered agility and there was insufficient line of sight between people's performance goals and strategy.

Building the business case

Sam Thomas-Berry, Stephanie Atkinson and a core HR team bounced around ideas on how to create a culture of growth. They realized that, if agility was to become part of the organization's DNA, the idea must be supported at the top and become embedded in the 'way we do things around here'. They took an inside-out approach to diagnose the need and build the business case for the new culture. They looked at where there were already pockets of agility and where there were frustrating barriers to growth. They studied reports by consultancies such as McKinsey and Bain, benchmarked other companies and networked to find out about interesting practice.

Crucially they gained support for the idea of working on culture in a series of meetings throughout 2017, including with the European leadership team. For the first time the leadership team got under the skin of the challenge and started to own the culture initiative with the European president becoming the project sponsor. The first mission was to showcase agile leadership for its 140 most senior leaders at their annual conference in February 2018. Stephanie knew that if the behaviours were not made tangible, leaders would not 'buy' them. As she points out, you have to show people what the new culture looks like, ground it in the business strategy and provide them with the tools to create that culture for their teams.

Preparing for the change

Preparing for a change in culture is often the biggest challenge, especially for organizations considering the adoption of agile working. It will require changes in management and employee attitudes and developing a shared vision of new ways of working. For many people the prospect of shifting to more agile ways of working and managing can seem threatening.

Stephanie reflects that to produce a breakthrough on culture you have to be clear about what is expected of people, especially those in management roles. Both managers and employees need to be educated to understand the new culture. Managers need to recognize

that the value of work is about measuring outputs and outcomes rather than time spent on a task. Where managing by results is not the norm, managers need to feel confident that by giving greater autonomy to their teams they will be responsible and responsive in meeting their work commitments. Trust is key to agile working. Therefore, it was important that if people in management roles did not or would not get on board with the new approaches, and would not empower their teams, their future would not be as people leaders.

Power teams

Key to developing new ways of working was getting the business involved in developing the thinking. Enshrined within the concept of power teams are the principles of agility. Since agility was key to business success, Stephanie needed a power team to represent the agility challenge.

The Agility Power Team came together for the first time in August 2017 in the wake of a global opinion survey that highlighted the company's ongoing cultural struggle with decision making. Team members comprised top and emerging talent at junior to middle management levels drawn from different parts of the business across Europe. These were people who were already well networked, who thought differently and who were able to get their own managers to agree to their participation in the Agility Power Team. Sinead Collins, HR Director Cereal, Marketing & Finance, was a member of the Agility Power Team from the outset. In her view, 'the truly cross-functional and cross-business composition of the team, with members drawn from different levels of the organization, is a key asset'. The team holds itself to account for delivery and role-modelling of agility. The intention was for team members to use clusters in their own networks to make changes that would help build a culture for growth, producing new ways of working to enable the services and products of the organization to be delivered more efficiently and effectively.

Stephanie provided the framework for the team to operate within and helped the team to narrow the focus. As Stephanie points out, having done much of the benchmarking, using your OD expertise is the right thing to do since 'it can't be a democracy'. Initially people thought that agility was all about speed. The power team worked up its own definition of agility, which was more about 'winning mindset' and being nimble enough to course correct while having a flexible yet solid core. The team also decided on the key behaviours and values underpinning agility: curious, bold (tougher, faster decision making), outside-in (external focus), connected (breaking down silos).

To identify the main barriers to agility and the 'big bets', Stephanie worked with the power team to create an organizational survey, using McKinsey's questions on agility. The results were helpful in determining which were true 'barriers' to the implementation of agile working and which could be overcome with new, perhaps more imaginative, approaches. The three priorities that emerged were:

- inspirational leadership;
- role clarity and decision making;
- process improvement.

These priorities were then divided into three workstreams that were worked on by the power team. The key tools for culture change included a revitalized look at corporate purpose, as the glue that binds people and the company; identifying growth competencies; and recognition. Between meetings team members exchanged ideas cross-functionally via Yammer. Thus the business and HR/OD collaboration ensured that what was being developed was relevant and implementable.

Towards agile leadership

Building leadership capability was a specific priority area of focus. Research had determined the kinds of 'agile' behaviours that could unlock new possibilities and that needed to become part of the organizational DNA, especially at the top. The model of 'servant leadership' was embraced as key to the shift in leadership philosophy and behaviour required to create an agile culture.

But how to provide leaders and managers with the relevant support required to help them develop these behaviours? An agility toolkit 140 plan, including a self-assessment element, was developed to help managers access support in their new roles, especially with regard to developing talent. In developing the toolkit, the power team recognized the benefit of an agile test-and-learn approach.

When it came to introducing the toolkit content to the organization, and raising awareness of the value of these behaviours, the challenge would be to get 'buy-in' and managers role modelling the new behaviours against a potential backdrop of cynicism. It was thought helpful to borrow approaches from conventional disciplines such as marketing, for instance thinking of this challenge in the same way as a new product launch – how would that look and feel and how to engage the organization around that?

The first step in rolling out this material to the organization was at the three-day European Leadership Summit for the top 140 managers in February 2018, to be organized by the Agility Power Team, to inspire and energize the management population around leading in more agile ways. The prospect of organizing this event initially scared the team, so Stephanie helped build their confidence to achieve the task. At the event itself, to spread the message, power team members demonstrated the company values and agile behaviour – test and learn, experiment, be bold, iterate and evolve.

The successful leadership conference was a powerful and symbolic signal to the organization of the value of embracing agile ways of working and leading. Key to this was the direct sponsorship of the European President Dave Lawler and his predecessor Chris Hood, now President of Kellogg's North American business. Their direct challenge to the top 140 at the European Leadership Summit was to hold themselves accountable for adopting the modular toolkits being developed and embedding the new practices in their areas.

Reinforcement

Building on this awareness-raising process, and to support leaders with the toolkit roll-out, practical workshops were developed. All leaders had the opportunity to take their teams

through a facilitated session called the Team Agility Engine that examined how agile their teams and they, as managers, were in practice. This looked beneath the surface at the behavioural and psychological blockers and enablers of agility, including constraining beliefs and fear of failure. The self-assessment tool was key to this since it holds up a mirror to individuals and also indicates where there are collective spikes of behaviour at team level that could limit the possibility of agility and how these might be overcome.

One of the emerging issues was trust, with people initially reluctant to share their thinking and vulnerabilities, especially with respect to empowering others. Therefore a toolkit was developed looking at vulnerability-based trust and empowerment. To turbocharge team development, a second workshop explored how empowerment can work in practice – how to create psychological safety and release a team to make its own decisions. Lenzioni's Five Dysfunctions of a Team is a useful catalyst to explore areas of concern, especially about giving up control and taking risks. People are encouraged to share why they might personally be blocking agility. They learn new language that allows them to ask each other for help with behaviour change and also to challenge each other more as a team, for instance if people feel that things are not being done with the right intentions. The 'ah-ha' moment occurs when teams feel that the consequences of building trust are positive and that this is encouraged and provoked by the team.

A third toolkit will look at processes, many of which are 'clunky'. Research based on feedback across the organization and a 'process hack' have unearthed ideas about how to enhance and improve processes, and how to relinquish control.

Since the leadership toolkit launch at the European Leadership Summit, there are many signs that agile leadership behaviours are now being practised. Servant-leadership is now reinforced through a 360-degree feedback process for leaders and managers. The top 140 managers have been encouraged to share their stories about what has been happening with respect to agility in their areas. Given that agility is considered an essential enabler of the company strategy, and given the clear ask from top management, this storytelling and behavioural role-modelling by leaders is not optional.

Stephanie Atkinson used her own role as HR Director to act as bridge within the organization, for instance connecting the Culture teams into a loosely formed network of culture change agents. Alongside this are Sprint teams, working on fixing specific business challenges. The Agility Power Team continues its work, which in terms of spreading the word is a mixture of 'pull' and 'push'. While much of the focus has so far been 'top-down', the next challenge is how to create the 'pull' so that teams want to embark on agility. This is all about upskilling, creating linkages to learning, for instance on how to take risks, making it easier for people to access various kinds of learning opportunity, including courses. The team has produced plenty of material, which is now available to all via a 'one-stop shop' portal. This provides people with tools to help themselves, for instance on how to conduct a process hack. In the spirit of agility, this is all about driving greater growth for the business and also making people's lives easier. The effects are starting to be felt. The behaviours behind agility are seeping into the vernacular, teams are sharing ideas on Yammer. And as Sinead Collins reflects, being involved in developing agility is itself 'a fantastic learning opportunity'.

These are still early days for culture change to have become fully rooted into the organization's DNA and the current phase of transition to the new culture is not without its tensions. As Stephanie reflects, many big companies end up with a too entrenched hierarchy and operating model over time, with insufficient career paths to excite and inspire people. Tackling entrenched hierarchy may require some surgery; for example, if senior leaders fail to use the toolkits or demonstrate the desired behaviours, the new culture will fail to land. However, the new make-it-happen culture and design are deeply rooted in Kellogg's cultural values and purpose and culture change is gaining some critical momentum. The vision is for a vibrant organization deliberately unleashing innovation, with pockets of teams working on exciting new products that customers will love. The connection through purpose, combined with skilled OD support for the business to find its new way forward stands every chance of producing dynamic and lasting success.

As this case study illustrates, to create such a dynamic learning culture, leadership in innovation is needed, which is about fostering a superior customer experience, a willingness to experiment and the ability to turn knowledge into value. Senior leaders need to actively champion the direction of travel, set aspirations, provide focus and inject pace, setting priorities and targets that cannot be reached through 'business as usual'. The idea here is that employees feel challenged to innovate, drive change and to be accountable for outcomes, not just outputs. Roles should allow scope for initiative and achievement so that individuals can experience meaning, value their work, feel recognized and valued for what they contribute. The leader's task becomes one of sense making, improvising, learning, noticing emergent direction and building on what works.

Conclusion

We are as yet a long way off the 4IR's third cycle of innovation, that of institutional innovation, which will be driven largely by the harnessing of knowledge flows across partnerships within ecosystems, though in industries such as pharmaceuticals this is happening already. Companies then will move from a focus on scalable efficiency to scalable learning that will speed up the rate of innovation as more ecosystem partners join forces and discover new ways to create value for their customers and ecosystem partners (McKinsey, 2019). Organizations that will thrive during this wave will make massive changes in business practices as cross-functional and inter-organizational collaboration help ensure end-user involvement throughout the development process and a highly evolved digital infrastructure will help accelerate performance.

For those who choose an agile approach, agile values and approaches need to be gradually instilled across the organization, resulting in more effective collaboration and rapid adaptation to increasingly dynamic marketplaces. Reeves and Whitaker (2018) argue that to compete on the ability to learn, there must be readiness to learn and a model of lifelong learning. Therefore, leaders must reinvent their organizations to leverage both human and machine capabilities synergistically and expand learning to both faster and more reflective timescales. Building a responsive, agile 21st-century workforce is not just about the technical skills of the people you hire in the short term. It's about creating a strong, unique workplace culture that puts people and learning at its centre.

In the next chapter we shall look at an essential ingredient of a resiliently agile culture – employee engagement. We shall consider how a context for engagement can be built and the importance of developing the more mutual employment relationship that underpins sustainable employee engagement.

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Building the context for employee engagement

With the prospect of new ways of working post the pandemic crisis, interest in employee engagement is on the increase. There are fears that a wave of mental illness might follow the crisis, and concerns that remote working may trigger a decline in employee well-being, a key element of employee engagement. This suggests that engagement is increasingly recognized as key to business prosperity and sustainable change. In today's knowledge- and service-intensive economies, people are the main source of innovation, production and service excellence. High-performance theory places employee engagement, or 'the intellectual and emotional attachment that an employee has for his or her work' (Heger, 2007) at the heart of performance, especially among knowledge workers.

Of course every organization wants committed and enthusiastic people working for it and employee engagement is **not** a management fad. Considerable evidence has been amassed showing that companies with engaged employees outperform their peers in terms of growth and profitability. Yet various surveys suggest there is a serious shortfall in levels of motivation in UK workplaces with typically only a minority of workers positively engaged at work at a given time. Lack of engagement could be seen as putting a brake on productivity, costing the UK economy as much as £25.8 billion (US$42.6 billion) per year (MacLeod and Clarke, 2009). Previous estimates for the US economy have produced correspondingly higher figures.

As we have discussed, organizations need to become 'change-able' ie agile, flexible, capable of sustainable effectiveness in scenarios of ongoing change. Ironically the drive for agility, together with dwindling resources and cuts, can undermine both employee resilience and engagement since today's 'more for less' environment puts employees under ongoing pressure, potentially resulting in burnout and sagging morale. Consequently employee well-being is increasingly under threat. The use of the contingent workforce on whom many organizations depend for flexibility has changed the workforce mix, with permanent and temporary workers often treated differently by employers. So employee engagement is at significant risk.

So concerned was the UK Government in 2009 that it backed a task force created to examine the assumed links between employee engagement, performance and productivity. The resulting report – *Engaging for Success*, otherwise referred to as the 'MacLeod Report' (MacLeod and Clarke, 2009) – concluded that the business case for employee engagement is overwhelming and subsequent research continues to confirm this to be the case.

How then can organizations both increase organizational agility and also maintain positive relations with their workforces? How can organizations get the best out of their people? These questions are not new, but today many employers are seeking to find answers by building organizational contexts conducive to employee engagement. This is what we shall address in this chapter:

1   What is employee engagement?

2   Engagement and the employment relationship.

3   The business case for employee engagement.

4   Whose job is it to manage employee engagement?

5   What motivates people to want to do a good job?

6   What should employers do to create the context for engagement?

7   Maintaining engagement in times of change.

In particular we shall look at how HR can help build a positive and mutually responsible employment relationship between employers and employees.

What is employee engagement?

Engagement is more than simply satisfaction, or even commitment. Producing a satisfied and committed workforce is a worthy aim but on its own it is not enough. Satisfied employees may be happy but make little contribution to the organization; committed employees may be focusing on the wrong objectives. While definitions vary, most agree that employee engagement is a vital driver of improvement and higher performance as this definition by the Institute for Employment Studies (IES) suggests:

> [Engagement is]... A positive attitude held by the employee toward the organization and its values. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization (Robinson *et al*, 2004).

The state of employee engagement is generally characterized by what Csikszentmihalyi (1990) describes as 'flow' – where people are so pleasurably immersed in their work

that they freely release their 'discretionary effort'. This feeling of commitment, passion and energy translates into high levels of persistence with even the most difficult tasks, leading people to exceed expectations and take the initiative. Surveys also show that engaged employees see their work as more meaningful and fulfilling. Engaged employees are more productive, more service-oriented, less wasteful, more inclined to come up with good ideas, take the initiative and generally do more to help organizations achieve their goals than people who are disengaged. Moreover research shows that engaged employees tend to be more resilient too.

However, at the other end of the engagement spectrum is burnout (Maslach *et al*, 2001). Some employees may be so engaged (and also perhaps driven, ambitious or insecure) that they overwork for extended periods and end up damaging their health. Employers have a duty of care to prevent this from happening and employee well-being is a critical element of any engagement strategy. So employee engagement is *not* a synonym for work intensity: on the contrary, high engagement levels are found to be associated with flexible working patterns.

Engagement and the employment relationship

The organization provides the context for employee engagement. Levels of engagement tend to reflect the state of the employment relationship between individuals and employers at a point in time. IES argues that a healthy 'psychological contract' (ie the unwritten, mutual expectations between the employee and employer that are underpinned by trust) must exist before engagement is possible. Perceptions of fairness are the basis of trust. If what employees and employers expect from each other is matched by what they offer each other, a positive psychological contract is thought to exist, in the minds of employees at least! When this occurs, employees are likely to be actively engaged with the organization and '... evidence suggests that organizations that treat their employees with fairness, integrity and sensitivity are more likely to find that those employees respond with increased commitment and productivity' (CIPD, 2013).

The notion of employee engagement also comes nearer than any other contemporary management philosophy to the concept of 'pluralism', which underpinned much academic thinking about industrial relations. In other words, employee engagement focuses on the employment relationship as being at the heart of sustainable high performance and recognizes that both employer *and employee* must make a genuine contribution. That level of performance cannot be achieved by a top-down (or 'unitarist') style of management (Emmott, 2009).

For HR the challenge is to improve the quality of the employment relationship and 'work to develop and nurture engagement, which requires a two-way relationship between employer and employee' (Robinson *et al*, 2004) by '... creating opportunities for employees to connect with their colleagues, managers and wider organization.

It is also about creating an environment where employees are motivated to want to connect with their work and really care about doing a good job... It is a concept that places flexibility, change and continuous improvement at the heart of what it means to be an employee and an employer in a twenty-first-century workplace' (Gatenby *et al*, 2008).

THE BUSINESS CASE FOR EMPLOYEE ENGAGEMENT

CIPD research (Alfes *et al*, 2010) shows that engaged employees perform better than others, are more likely to recommend their organization to others, take less sick leave and are less likely to quit. They also experience increased job satisfaction and more positive attitudes and emotions towards their work. This suggests that enhanced levels of engagement benefit both individuals and employers. Businesses as diverse as Campbell's Soup, Unilever, Marriott Hotels, AstraZeneca and HSBC have found that employee engagement has a significantly positive impact on their business results.

Evidence for the impact of employee engagement on business performance also comes from many consultancy studies. For example:

- Research by the Corporate Leadership Council (2004) found that engagement accounts for 40 per cent of observed performance improvements, while highly committed employees try 57 per cent harder, perform 80 per cent better and are 87 per cent less likely to leave than their disengaged colleagues.

- A survey conducted by Towers Watson (2008) of over 85,000 employees working for large and midsize organizations in 16 different countries found that companies with high employee engagement levels also experienced a higher operating margin (up to 19 per cent), net profit margin, revenue growth and earnings per share (up to 28 per cent) than companies with low employee engagement.

- A Watson Wyatt study of 115 companies asserts that a company with highly engaged employees typically achieves a financial performance four times greater than a company with poor employee attitudes.

The main drivers of employee engagement

With respect to engagement, there are two types of employee commitment – emotional and rational commitment – with emotional commitment being four times more powerful than rational commitment in driving employee effort. Employees stay with their organizations when they believe it is in their self-interest to do so (rational commitment). But they exert discretionary effort when they believe in the value of their job, their team and their organization (emotional commitment).

Some of the common elements of the many surveys of employee engagement fall into the following categories:

- Social – is this an organization where I feel involved, part of a good team; is my organization serving the community?

- Intellectual – am I able to grow; is my job stretching and interesting; do I know what's happening; do I know what's happening; do my opinions count?

- Emotional – do I care about the organization and feel I belong; am I valued?

(Kahn, 1990)

Underpinning these elements are the key principles of voice (am I listened to, am I told what is going on?) and equity (am I treated fairly?). The right kind of leadership and followership are needed to create an adult–adult reciprocal relationship based on mutual needs and benefits.

The MacLeod report found that 'engaging managers' and 'engaging leadership' are pivotal to creating contexts conducive to engagement, yet in his 2009 report about the state of employee engagement in the UK David MacLeod found strong evidence of an 'engagement deficit' among many UK senior executives. An earlier large survey by DDI (Pomeroy, 2006) found that only 61 per cent of global business leaders feel they have the skills to 'bring out the best in people'. This may be because some leaders and managers are not aware of employee engagement or its importance. Some leaders may be concerned that addressing people-related issues risks being too complex, or that the results may take too long to materialize. In other cases leaders understand its importance but appear ill-equipped to implement engagement strategies: 'The issue seems to lie in their unwillingness to talk the talk and truly relinquish command and control styles of leadership in favour of a relationship based on mutuality' (Accor, 2009 in MacLeod Report).

The declining levels of employee engagement appear to reflect a weakening of trust, an essential precondition to engagement. Now people are inclined to distrust first rather than trust and consequently are less willing to give their discretionary effort.

Just some of the many barriers to engagement and trust include (CIPD, 2009):

- reactive decision making that does not pick up problems before it is too late;

- inconsistent management style based on the attitudes of individual managers that leads to perceptions of unfairness;

- lack of fluidity in communications and knowledge sharing due to rigid communication channels or cultural norms;

- poor work–life balance due to a 'long hours' culture;

- negative perceptions about lack of senior management visibility and poor-quality downward communication.

If the employment relationship feels one-sided to employees, in these days of talent shortages and self-managed portable careers, employers with poor engagement records risk losing key players and face a protracted battle to attract and retain new talent. Similarly staff who remain may become disengaged and unwilling to invest the best of themselves on behalf of the organization, which could be the worst of all worlds.

Whose job is it to manage employee engagement?

HR departments are usually expected to take a lead on getting to grips with employee engagement but improving it is a shared endeavour. Employee engagement is at least in part an outcome of good people management. Top management must take a lead in creating the right culture and the influence of line managers on people's perceptions of their work is profound. It is often remarked that people join organizations but leave individual managers. Line managers must ensure that people have opportunities to learn and grow. HR professionals can help raise engagement levels by supporting line managers to raise their game.

Strategies aimed at developing an engaged workforce should build on good people management and development policies and be aligned with those of the wider business. These policies need the active support of line managers and it should go without saying that, for any major organizational initiative to succeed, top management buy-in is crucial. When engagement is used by organizations as an integral part of their business strategy, it becomes much more of a two-way process in which employees themselves are active agents. Engaged employees are more likely than their disengaged colleagues to act as organizational advocates and can play a powerful role in promoting their organization as an employer of choice.

There are many ways in which HR departments can help build a context of engagement but tackling engagement issues effectively requires teamwork across functional boundaries. In organizations with a strategic perspective on engagement HR functions are learning how to manage and market engagement better. Increasingly internal/employee communications practitioners are taking the lead on employee engagement, working closely with HR, as I have observed and Balain and Sparrow (2009) note. Research into the psychological contract that underlines the importance of employees feeling they can trust the employer, that they are treated fairly and have voice, has fed into current thinking about the 'employer brand', which is where the marketing, internal communications and HR functions meet.

So in developing the employer brand HR needs to learn from existing research on consumer behaviour and communication (eg how to engage external customers with your brand, develop corporate values, or product and service value proposition) and translate the focus towards knowing how to engage the employee as an internal consumer by creating enticing employee value propositions (EVP) that form the employer brand. These EVPs may need to be tailored to different workforce segments.

Robust and authentic EVPs shape a positive psychological contract between employer and employees and help to recruit and retain employees.

Organizations should review their communications and particularly their arrangements for listening to employee opinions. These will generally include designing and carrying out employee surveys to measure attitudes, testing the findings with focus groups, establishing areas requiring attention and advising senior managers on their significance. However, large-scale surveys should be supplemented by timely, frequent and anonymous employee feedback in order to truly understand the individual needs of your people and identify the root cause of engagement and well-being concerns.

There is widespread agreement that surveys should measure a number of factors including employee commitment, organizational citizenship, satisfaction, attitudes to management, work–life balance and intention to leave. But surveys need to be followed up by effective action to address issues identified or they will have a negative impact on attitudes, as well as on the rate of response to subsequent surveys. So communicate the results and your planned actions with the whole company to motivate ongoing participation. Those improvement actions should involve employees themselves so that surveys are not seen as resulting in actions 'done to' people but rather 'done with'.

Changing psychological contracts

While surveys can help managers gain some insight into what motivates their employees, it is clear that with changing workforce demographics and dynamics, a more educated workforce and different motivators by generational group, there is no 'one size fits all' when it comes to attracting, engaging and retaining people.

There are reportedly five generations in the workforce currently – 'Traditionalists', 'Baby Boomers', 'Gen Xers', 'Millennials' or 'Gen Y' and 'Gen Z' – and arguably each needs to be managed with an understanding of their specific needs, expectations and motivations. Gen X is numerically the smallest generation. There are predictions of increasing intergenerational tensions in the workforce particularly among the lowest-skilled who will face ferocious competition for jobs, as young people compete with older workers staying in employment longer, to supplement inadequate pensions and ongoing living costs.

With the demise of traditional career patterns, entrepreneurial lifestyles and portfolio careers will be increasingly common, in which people combine a range of paid and unpaid activities at any one time. We are increasingly seeing people progressing between a number of careers in one working lifetime, (not uniform, and across a variety of sectors). Companies that provide employees with training and development opportunities and chances to grow their experience for future careers are more likely to attract and retain the best talent.

In line with the changing career expectations, the norm of when and where people want to work is also changing, along with employee values. For many people work is no longer central to their existence. In a 2005 UK CIPD report 50 per cent of respondents said that work was central to their lives compared with 28 per cent of respondents to the same question in 2014 (Zheltoukhova, 2014). With the largest proportion of the workforce in many parts of the world now being Generation Y, the focus on flexibility and corporate social responsibility is increasing, in line with reported Gen Y values.

Prior to the pandemic, many companies had flexible working programmes. For instance, PepsiCo Australia and New Zealand (ANZ) introduced a One Simple Thing initiative, which provides a framework that allows employees – women, men, parents and nonparents – to talk to their managers about the one thing that is most important for them personally in crafting a more flexible and sustainable work–life balance. This has resulted in changes in work schedules. However, in many organizations take-up of flexible working options is low for a number of reasons, including perceived damage to the career prospects of remote workers.

Post-pandemic, the desire to work flexibly has become a widespread aspiration for many employees. For many people, working flexibly means being able to change the start/finish time of the working day, decreasing the number of hours worked, changing the number of days worked and being able to vary their working patterns day to day, as well as working virtually. In devising flexible working policies, HR must ensure that flexibility benefits both the organization and its employees and that the careers of flexible workers do not stall.

The question is, do employers and workers want the same kinds of flexibility, and does this result in a mutually beneficial 'new deal'?

The 'gig economy'

Employers too want flexibility, but increasingly this is sought by reducing the size of the permanent workforce and using instead the services of contingent workers in the 'gig economy'. The gig economy is characterized by the prevalence of contractors or freelancers, rather than permanent employees. The gig economy is part of a significant structural shift in the labour market where the gap between high- and low-skilled employees is becoming increasingly wide. In this ever-changing world, the flexible nature of the gig economy offers significant benefits to large, well-established businesses. While gig workers were previously on the periphery of organizations to be used by organizations to address labour and skills shortages when needed, today's contingent workforce can be central to business success. Yet many do not enjoy the same benefits as the permanent workforce.

Meeting both employer and employee needs for flexibility will largely depend on the perceived value of workers in what is an increasingly hourglass-shaped workforce. People with sought-after strong technical, management, leadership or creative abilities are in the upper part of the hourglass. These workers are best positioned to take advantage of the opportunity to create a working life that incorporates flexibility, autonomy and meaning. Many skilled workers with multiple job options enjoy the opportunities to create rewarding, portfolio careers that gig working provides. EY research (Storey *et al*, 2018) found that flexibility is the greatest perceived benefit of gig working, followed by working from home and control.

However, while gig working can offer the luxury of choice for some, for others, taking up a role in the gig economy can be a necessity. Those in the squeezed middle are typically in junior management or other roles that are being replaced by automation or artificial intelligence. In the bottom part of the hourglass are workers with low or expendable skills who may lack bargaining power with contracting organizations. There has been criticism of gig workers' lack of rights in industry challengers such as Uber and Deliveroo, a situation that is now changing.

The unprecedented growth of the gig economy presents many challenges for workers and for business leaders. For HR, a previously relatively homogeneous workforce is now made up of multiple groups with different rights and levels of connection to the organization. It does of course present opportunities too, especially if gig workers are integrated and engaged in the organization. Whichever part of the hourglass gig workers represent, they can act as powerful advocates for the organization if they are treated with respect.

The key thing is to recognize gig workers as an important component of the workforce and consider them as employees and not simply as a flexible resource. The policies in place for your permanent employees, including your employee value proposition, should work just as well for your gig workers too. This includes taking the time to communicate with gig workers on a human level, and creating a meaningful induction process for them to ensure they understand the company's purpose, goals and culture and become an integral part of the business.

Similarly, even taking account of different levels of confidentiality, communicating with, and updating, gig workers about company news and engaging them in new business initiatives, as well as seeking feedback from gig workers, will help them feel engaged and want to take the journey with you. Many gig workers are former employees. Treating them as valued alumni of the organization may encourage them to return for contract working and make their best efforts for the organization.

Gig workers can be sources of knowledge for permanent employees as well as catalysts for change. EY's research found that 43 per cent of US organizations find existing employees benefit from the transfer of contingent workers' skills. The organization's L&D strategy should consider the needs of gig workers themselves for learning and development and the benefits organizations will gain from developing

their skills, especially if they are likely to need these workers' skills over time. Even if investing fully in the contingent workforce is beyond HR's means, consider part-funding any relevant training or offering other sources of support such as access to an online knowledge portal.

Just like permanent employees, gig workers want to know they're contributing effectively to the business. They are likely to be more productive and engaged if they are aware of how they contribute. Encourage managers to offer (and seek) regular feedback, celebrate success, and demonstrate to both gig workers and employees how much their joint contributions matter. Offer a good programme of financial well-being benefits to gig workers.

As the gig economy continues to grow at a considerable pace, engaging gig work-ers and treating them as a valued and integral part of the organization will pay dividends for all concerned.

What motivates people to want to do a good job?

The key question is what exactly is it you need your workforce to engage with? And what do employees want in return? In researching for our book *Engaged: Unleashing your organization's potential through employee engagement* (Holbeche and Matthews, 2012) my co-author Geoffrey Matthews and I examined a wide variety of studies concerning what employees appear to want and need from work. While acknowledg-ing the risk of generalization, we categorized these as desires for *connection*, *support, voice* and *scope*:

- **Connection**
  Most employees want job security, strong workplace relationships and to work for organizations whose purposes they can embrace – we found this to be closely associated with motivation, commitment and ultimately the energy and effort workers are prepared to put in. IES too found that engaged employees identify with their organization and its values, believe in its products and services, show a commitment to the organization and a desire for business appreciation, ie embrace what the organization stands for and also understand the context in which the organization operates.

- **Support**
  Employees want to be valued for their contribution and to be dealt with in a fair and consistent manner. While pay remains important, other forms of recognition and reward – such as flexibility – are also important.

- **Voice**
  Employees want to be able to influence matters that affect their working lives and therefore need to be informed and able to participate in the direction of the organization.

- **Scope**
  They also want opportunities for growth and high-quality work that offers the chance for meaning, stretch, control and task discretion.

What does this look like in practice?

We looked at management practice in organizations where employee engagement levels are high despite the challenging context. Here are some examples of the useful practice we found.

1. CREATING CONNECTION

Leadership behaviour is pivotal to people feeling connected. Engaging leaders are strategic, look beyond the current challenges, anticipate the big business issues and plot a way through to growth taking short-term decisions with the longer term in mind. They reshape the work environment and culture to enhance performance and match their unique basis of competitive advantage.

Engaging leaders are also people focused. They actively lead culture change, working to create shared purpose and a positive sense of the future: something to aim for that people can connect with. MacLeod points out that engaging leaders provide a clear strategic narrative about where the organization is going and why, in a way that gives employees information and insight for their own job. They set a clear direction and priorities so that employees know what is required and feel empowered to deliver the right outputs without the need for micro-management.

MacLeod also proposes that a key driver of engagement is 'Organization lives the values' – 'a belief among employees that the organization lives the values, and that espoused behavioural norms are adhered to, resulting in trust and a sense of integrity'. In organizations that do this well, values and behaviours are aligned; any gap between these creates distrust and cynicism. Vision and values that are truly lived provide parameters for people's actions so engaging leaders strive to role-model the values, communicate consistently and demonstrate personal authenticity. They use and act on 360-degree and other feedback to show commitment. They nurture leadership at every level. In such work environments there is a strong, positive sense of community and teamwork. People generally enjoy a degree of job security since the organization's stance is to value people for what they contribute rather than 'hire and fire'.

Especially in times of crisis, to maintain their connection to the organization, people want to know that their organization and its leaders care about what happens to them. Communication of this message becomes extremely important.

2. SUPPORTING PEOPLE

Line managers in particular shoulder the day-to-day challenge of supporting people and maintaining or boosting employee morale, even though they may themselves be under pressure from every angle, juggling both business as usual and managing

change. In engaging work contexts line managers feel supported by top management and are developed as leaders, giving them access to new tools, techniques and ideas.

Engaging managers get to know people as individuals, care for employees, create an open and positive work environment and build teams. They execute tasks in an enabling way, aiming to keep staff motivated and developing people's performance potential. In the current context, old-fashioned stick-and-carrot incentives to stimulate performance are unlikely to be effective. Engaging line managers support people best by designing interesting and worthwhile jobs and ensuring employees have the skills, authority and resources they need to deliver results that matter. Role design principles supportive of 'flow' (Csikszentmihalyi, 1990) and high performance include:

- *clear goals*;
- *concentration* on a limited field of attention;
- *absence of self-consciousness*;
- direct and immediate *feedback*;
- *balance between ability level and challenge*;
- *a sense of personal control over the situation or activity*.

Engaging managers set clear objectives so that people know what is required but allow staff to work out how to deliver them. They 'de-clutter' jobs of unnecessary bureaucracy so that people have a clear line of sight through their day job to the purpose, mission and goals of the organization.

Engaging managers strive to deliver on the employer brand promise and ensure employees get a fair deal. While no organization can guarantee job security, engaging managers can help employees cope with stress and anxiety. Providing meaningful support not only shows employees that they are valued, even though their job may be at risk, but it can also help survivor employees (those whose jobs remain after downsizing) remain productively focused on their work. Engaging managers are versatile, able to judge when to involve employees and when to direct them. HR can help managers understand how to involve staff in implementing change and to develop more of a coaching style. When making change becomes part of every employee's job, it can become the spur to innovation and improvement.

HR can also provide well-being policies that enable staff to tap into helpful resources as the JUICE case study later in the chapter illustrates. In times of crisis, some people may need more support – practical advice, access to skill development, financial advice or access to counselling services – to help them cope with protracted uncertainty.

3. VOICE
CIPD research (2006) suggests that key drivers of employee engagement are:

- employees having opportunities to feed views upwards;

- feeling well informed about what is happening in the organization; and
- believing that their manager is committed to the organization.

These findings reinforce the importance of two-way communications and the need for a shift towards a more consultative and participative management style. That requires managers who are willing to listen to people and are not afraid of relinquishing control. In companies that do this well there is a constant free flow of ideas up and down and across the organization, joint sharing of problems and challenges and a commitment to arrive at joint solutions. Managerial fairness in dealing with problems, valuing diversity and treating employees with respect also has an important influence on outcomes.

Voice and virtual working in times of crisis   Especially in tough times, frequent and honest communication is vital for (re)building employee trust, resilience and engagement. Many organizations during the COVID-19 pandemic promoted remote or flexible working arrangements to keep employees safer. This has accelerated an underlying trend towards virtual working. In many cases, working from home is becoming part of the 'new normal'. This means that many people have had to learn new ways to collaborate and keep business as close to normal as possible, against an unusual backdrop.

Helping teams thrive when working apart requires skilful and authentic use of different forms of communication. During pandemic lockdowns, the support provided by organizations for employees suddenly forced to work from home varied tremendously. The more effective companies began to communicate with people virtually, posting more on LinkedIn and other social media in an effort to share values, advice and updates. Many leaders regularly communicated with the workforce directly on a regular basis, via Slack, Zoom, Microsoft Teams and other platforms. The challenge is to sustain such practice when the crisis is over.

The right kind of communication is key. Employers need to put in place clear structures such as scheduled video calls and regular team-building meetups to build rapport. Staying connected – from virtual gatherings to company-wide initiatives – is vital to supporting people and keeping your culture alive. Digital communication tools such as intranets, chat applications and social engagement platforms are particularly helpful for engaging employees and contract workers in committed and lasting connections. Sharing positive, upbeat employee-generated stories about virtual collaboration, communication and team-oriented work environments keeps spirits high and can feel far more supportive to teams. For instance, the LEGO Group exhibited their company culture through fun virtual communications and activities.

While technology is crucial for collaboration, the crisis has made clear the importance of humanizing the employer brand, developing more inclusive and compassionate cultures. It is clear that many people experienced feelings of isolation and of being increasingly out of touch. Fear of the unknown, anxiety around employment and isolation made many people not previously affected by mental health issues, anxious, depressed and stressed. Some leaders communicated with staff in much more personal

ways than previously and by bringing the network together with messages of empathy, or news, showed solidarity.

In the 'new normal' of a mobile, geographically dispersed workforce, we should implement ways of managing the stress associated with it, while enjoying the benefits. Leaders need to lead by example and create a culture where those outside the office feel valued. Engaging leaders and managers are visible, accessible and approachable, whether face to face or remotely; they communicate authentically and consistently about the bigger picture, strategy and direction. They are also willing to listen and act on what they hear. Gallup research (Mann and Adkins, 2017) has found that remote workers are most engaged when they feel that someone at work cares about them as a person, encourages their development and has talked to them about their progress. Whether dealing with business problems or building for growth, engaging leaders take a joint approach to developing new ideas, involving dialogue and consensus-building between different groups and individuals within the business. Signs of progress are important so engaging managers mark milestones, celebrate successes, stabilize and share the benefits of change.

4. SCOPE

For all its challenges, change can also open up opportunities for development, more autonomy/task discretion, better work–life balance and growth as people gain new skills, new networks and new responsibilities. Engaging managers work at improving the skills and competencies people really need, focusing in particular on people in new roles. They spot opportunities for employee development and actively coach their teams, involving them in working on real business issues, providing feedback and mentoring. They deliberately encourage people to change roles/re-energize themselves by job shadowing, moving between domestic and international divisions or from one country to another. This allows them to gain new experience and helps develop different parts of the business – and is also a great motivator. After all, when people feel valued and have opportunities to grow, they are likely to perform well and assume responsibility for their actions.

In times of crisis, scope, including having meaningful jobs and means for progressing careers, is likely to be as important as ever. In an increasing number of organizations HR is undertaking agile workforce planning and talent scouting and also providing meaningful growth opportunities by moving people to new roles or opportunities across the organization.

Some HR teams are helping managers build career paths for employees. Whereas in the past such effort was usually made only for people being fast tracked to senior positions, today career tracks are being developed for an increasingly wide range of people whose roles and skill sets are recognized as vital to business success. For example, a local authority recognized that its call-centre staff who were best able to

handle a wide range of public enquiries were a real asset but retention was an issue. These staff took a long time to train but most would swiftly move on to better-paid jobs outside the organization as they had no opportunities to progress in the call centre. Thanks to HR working with stakeholders across the organization to develop internal career paths for call-centre workers, staff became a talent pool for other parts of the business and many have gone on to roles of significant responsibility within the authority. HR also developed a network of coaches across the organization to provide individual career coaching. This was about empowering employees to take the lead with respect to managing their careers.

How can employers create the context for engagement?

If organizations are looking to achieve sustainable high performance, engagement should be recognized as a strategic issue that cannot simply be left to manage itself. The employee engagement agenda is a joint responsibility for line managers and HR and employees too. As should be clear from the previous section, there are many ways that HR professionals can help improve engagement levels, in particular by:

- coaching line managers;
- implementing effective policies for work–life balance, well-being and diversity;
- developing inclusive employee voice mechanisms;
- helping line managers to manage workloads and design roles and work to ensure that people can grow and have line of sight to the organization's purpose and goals;
- developing career tracks and development options.

In addition HR must act on employee engagement survey findings.

Organizations that have adopted employee engagement strategies for some years do not necessarily attempt to raise engagement levels across the board but focus in on specific groups. HR brings a method and structure to the system-level data from engagement surveys and other sources such as exit interviews, but the challenge is to individualize this so as not to take a 'one size fits all' approach. So, use employee engagement platforms to target certain staff members/groups with targeted pulse surveys to gather information about the issues that affect them. Cut the data based on different groups who share the same (but different from others) values and needs. Make sure that employees know that managers take their views seriously, and act on at least the most critical pieces of feedback. This builds trust and shows employees that their views are heard and taken seriously.

Building trust and involvement

Rather than attempting to force engagement, it is healthier to encourage it by managing change with a human touch. In particular engagement strategies should offer a framework for identifying and addressing issues that can undermine positive employment relations and address the core issues of trust, respect and involvement that are central to high performance and commitment. Trust can be strengthened through:

A shared purpose

The beating heart of organization needs something more than great processes, strategies and technologies to make it tick.

As we discussed in Chapter 18, a clear organizational purpose and strong values tend to attract like-minded people who want to belong to something they value. People want to work for organizations that do good things and are respected. The most effective leaders recognize and nurture that sense of an inclusive community serving a worthwhile purpose.

Purpose and values are also key to the employee experience. Employees want to find meaning in their work, which again reflects how work has become so integrated in their lives. This in turn is linked to higher levels of employee engagement, stronger organizational commitment, and increased feelings of well-being and health.

To become a purpose-led organization, purpose and values must be embedded in the decision-making processes and HR policies of the organization. HR can work with managers to ensure that people have line of sight to the purpose in their jobs so that employees' energies are harnessed in ways consistent with the purpose. For instance, out of Australian insurance company IAG's purpose 'to make the world a safer place' flowed the commitment to flexible working to produce a more inclusive and collaborative work environment. Instead of talking about work–life balance, IAG talk about work–life integration, since a more distributed way of working actually facilitates integration.

But leaders and HR must also 'unblock' the organization, removing the bureaucratic and other barriers that clutter the sight line to purpose. IAG realized that the biggest impediment to implementing flexible work practices was the role played by middle management. As former CEO Peter Harmer comments, 'Middle management had to be confident that they still had the tools to manage how work was getting done, and to make sure that it was getting done. That required technology, but also good, old-fashioned trust in our people.' Particularly during times of crisis, managers should avoid undermining trust by imposing frequent check-ins that are solely about control and micro-management that increases stress. Instead managers should have periodic, guided and empathetic conversations with their direct reports to understand how employees are doing and to learn how they can support them.

As organizational architect, HR can help leaders at all levels create and communicate a strong unifying organizational purpose that people can connect to. This connection is strongest when employees' personal values are similar to those of the organization. HR can ensure that these two different forms of purpose – organizational and individual – are mutually reinforcing and are reflected in every HR practice, from hiring, feedback, encouraging mental well-being, incentives, learning, to matching individuals to jobs they will find most fulfilling.

When the chips are down values are key. They must be meaningful – not just on paper but embedded throughout the organization in priorities and behaviours. HR should focus on closing gaps between the 'walk' and the 'talk' on values, incorporating values into appraisals, stimulating diversity, encouraging genuinely open, honest and ethical behaviour at all levels; stamping out blame cultures.

A fair deal

Feeling fairly treated is the basis of trust and the foundation of a healthy psychological contract. While pay may not be a prime motivator for most people it is the acid test of whether people feel treated fairly or not and dissatisfaction with pay is often cited as the reason why people quit. However, the real issue is often more about whether pay or promotion decisions are transparent and appear fair to the individual. For many people, the content of the job and the quality of management appear more important motivators than pay and conditions. So while a sound pay policy, including benchmarking surveys, is important for the retention of top performers, HR can help managers create meaningful work for everyone, giving careful thought to how jobs are structured and improving the working environment.

Enabling well-being

Well-being is an essential element of employee engagement, which, as discussed, drives multiple better business outcomes, including reduced absenteeism, less unwanted churn and healthier profits. In today's demanding workplaces stress and mental health problems like anxiety and depression are likely to become a growing challenge for individuals and employers. Research shows that the longer someone is off sick the less likely they are to make a successful return to work. The pandemic also shone a spotlight on the issue of employee health and well-being. A 2020 study led by the World Health Organization found that, globally and until the year 2030, 12 billion working days will be lost to depression and anxiety every year, unless improvements are made. Failing to protect well-being has a significant economic impact on businesses as prolonged stress eventually leads to burnout. This costs the global economy an estimated $323.4 billion annually (WEF, 2018). The crisis has also exposed the gaping holes in employers' well-being and employee resilience strategies.

So the HR challenge is to enable people to have positive working lives and to maintain a healthy workplace climate, providing, for instance, access to counselling support to those who need it and developing effective work–life balance, well-being or diversity policies. More generally though, rather than providing well-intended generic services that may be of limited use, HR should seek to develop simple and innovative policies that people actually want.

I am grateful to Andrew Dodman, Director of Human Resources at the University of Sheffield (UK) for the following illustration of such an approach.

CASE EXAMPLE
'JUICE' at the University of Sheffield

The UK's University of Sheffield is a large 'Russell Group' (ie research-intensive) university with over 7,000 staff. In most organizations the business drivers for ensuring a fair deal for employees usually revolve around the needs of the employer – for instance to increase productivity or reduce sickness absence. HR Director Andrew Dodman turned that paradigm on its head in 2012 when he launched JUICE – a health and well-being initiative that actively seeks to inspire and engage employees to take responsibility for their own health, well-being and happiness, making the individual the start point of programme design. This is about valuing people and giving them opportunities to help themselves.

Andrew was aware that the University's various sporting and other health and well-being opportunities had scant take-up. He undertook research with staff to find out what people would really value and the resulting JUICE initiative redirects the resource and brings together a range of free activities, information and advice for staff under one banner. It takes a holistic approach to health and well-being – physical, social, mental – that is informed but informal, with a vibrant, fun and fresh website. There is fast-growing staff awareness of JUICE and there are vast numbers of website visits. Sign-up to JUICE activities is very social media dependent.

In its first year of operation alone JUICE has offered on average two activities daily, which can range from painting to sports to choirs to Tai Chi to ballroom dancing. A quarter of staff have taken part in at least one activity at one of 120 locations.

Unlike conventional 'top-down' occupational health initiatives, JUICE is open access so there is a growing sense of staff ownership and high levels of participation. Staff members themselves suggest what they would like to do and bring others together under the JUICE banner. The single administrator assigned to the programme helps organize rooms. 'JUICE-vocates' (staff members) act as a steering group and gather input and feedback via the University's Google and LinkedIn websites. The vast majority of reviewers who have taken part in an activity give it five-star ratings.

The effects of JUICE are starting to work through in terms of improved staff engagement levels, with 94 per cent of staff saying they are proud to work for the University, and sickness absence levels having dropped significantly.

		2012		2013
I would recommend the university as an excellent place to work		75 per cent		87 per cent
I feel valued		55 per cent		65 per cent

As the programme grows organically it is becoming a flexible and integrated health and well-being offering, encompassing occupational health and collaboration with the sports department. This adult–adult approach is distinctly different from more paternalistic policy approaches and its impact on staff well-being is already evident. Not surprisingly the idea is now spreading to other universities who are also interested in providing practical support to help their staff members lead healthy and enjoyable working lives. And by including well-being among your key business metrics, HR can keep track of the healthy return on investment.

Upskilling line management

The key to engaging employees is line management effectiveness. Those employees with positive views about their managers and senior managers tend to be most engaged with their work, perform better and are less likely to quit. However, evidence from many surveys shows that people are generally unhappy with the way they are managed: employees see their line managers as being weak at many of the fundamentals that are needed to support positive attitudes – like giving people feedback on how they are performing and making them feel their work counts.

So, where necessary, HR must coach line managers in managing their teams effectively. By sharing real-time insights from surveys with managers, HR can empower them to take decisive and preventative action, evaluate their actions and benchmark their successes. Especially in fast-changing circumstances, HR can help line managers to:

- encourage people and equip them for change;
- provide a clear line of sight to purpose;
- prepare people for new roles;
- consciously develop people, taking an active role coaching and providing encouragement;
- make difficult jobs easier to do;
- manage for performance, not to catch people out;
- address difficult situations honestly and transparently;
- provide a sense of purpose and progress;

- help with sense-making and keeping a positive outlook;
- providing career opportunities for people.

HR should also ensure that line managers are recognized for their efforts in engaging employees. Several major employers, including retailer B&Q, incorporate the findings of employee surveys into performance management processes and use team engagement scores to distinguish good and weak performance by line managers. Where engagement scores feed into the appraisal process for managers, low scores in individual units can provide as much useful information as higher scores. This is less about penalizing individuals with low engagement scores and more about using department or team results to identify managers who need help, so as to offer them appropriate coaching and development.

Similarly, conflict, bullying or lack of respect can undermine employee engagement. So while HR can develop simple and effective policies, for instance on diversity and conflict management, HR must be alert to where problem issues are occurring and intervene. This may require giving managers feedback, encouraging line managers to spot problems at an early stage and take action to resolve them and offering managers coaching or training, for instance in mediation skills. Moreover if managers are allowing certain individuals to consistently underperform, perhaps because they feel ill-equipped to tackle the issue, HR can coach managers in how to handle 'difficult conversations'. Such interventions will be a valuable investment in developing a positive organizational culture. HR may need to directly intervene when there is dysfunctional behaviour between departments, teams or individuals that is damaging staff morale and performance, and should seek to bring a swift resolution to potentially chronic problems. This will not only reduce the time and energy spent in dealing with conflict, it will help employees feel valued and improve relationships across the organization.

Maintaining engagement in times of change

Being true to purpose and values is all the more important in times of significant change when the employment relationship is most at risk of being undermined. Research shows that changing employment conditions, particularly where jobs are lost, is very damaging to the psychological contract. As we discussed in Chapter 16 anxieties about job security can distract employees and undermine their enthusiasm, especially if redundancies take place. This applies also to those 'survivor' employees whose jobs are not made redundant but who may feel anxious, guilty or overloaded as their colleagues depart, and suffer from stress as a result.

Tackling 'survivor' syndrome is crucial to protecting the organization's ability to bounce back. Leaders at all levels, especially HR, must keep faith with employees

during change, ensuring that the right levels of employee connection, voice, support and scope are maintained both individually and collectively. Honouring commitments is important. During the recession following the financial crisis of 2008–9 JCB and the John Lewis Partnership both continued to pay employees the bonuses they were due despite challenging economic conditions and widespread pay cuts elsewhere.

Since some of the human reactions to change can be anticipated, HR should help managers take actions to minimize the negative impact of change on people. Employee assistance programmes can help and simply giving people opportunities to talk – in one-to-ones and in groups – can be enough. Basic elements of a strategy to maintain motivation in difficult times include:

- keeping employees in the picture even when there is no concrete news;
- using all available media to beat the rumour mill;
- briefing line managers in full on developments so they can talk to their teams – face-to-face communications are best;
- thinking about creative, non-financial ways of motivating employees such as recognition schemes and team-building days.

If it becomes necessary to reduce labour costs, adopting alternatives to compulsory redundancy such as the following can help to maintain employees' commitment:

- taking advantage of natural wastage and/or offering voluntary redundancy terms;
- cutting back recruitment and reviewing use of temporary staff;
- retraining employees whose skills are no longer in demand and redeploying them to other parts of the organization where possible;
- reducing or eliminating overtime working;
- considering short-time working or temporary lay-offs or sabbaticals.

And as we discussed in the earlier chapters, in the face of the relentless march of technology, upskilling people in the new skills required for today's jobs rather than letting them go will pay multiple dividends.

Consultation

Given the importance of two-way dialogue in driving employee engagement, genuine consultation can help maintain levels of engagement during periods of change. In unionized workplaces that have formal 'employee voice' mechanisms, where the relationship between management and trade unions is one of partnership, union support for engagement strategies may be valuable in raising their profile.

I am grateful to Roshan Israni, formerly Director of People Management & Organizational Development (OD) at Northumbria Probation Trust for the following public sector case study, which describes how a major organization change was successfully implemented building on the foundations of strong employee relations, employee engagement and trust. This case study featured in the last edition of this book.

CASE STUDY
Maintaining engagement during change at Northumbria Probation Trust

Award-winning Northumbria Probation Trust (NPT) is one of only two probation trusts in the North East and is responsible for all services delivered to offenders under probation supervision. This includes offenders subject to community orders and released from prison on licence. NPT supervises an average of 7,000 offenders at any one time and employs approximately 580 staff. There are 20 community supervision teams across Northumbria, where offenders are supervised on a day-to-day basis. NPT's responsibilities cover the county of Northumberland and the metropolitan districts of Newcastle, North Tyneside, South Tyneside, Gateshead and Sunderland. NPT is recognized for excellence by EFQM and is an Investor in People Champion – a rare accolade. Yet, things were not always this way.

Back in 2005–6 when Nick Hall, NPT's previous CEO joined the organization – initially as Director of People Management – NPT was a very hierarchical organization that could best be described as somewhat insular and traditional. Benchmarking took place but only against other probation services. There was a general lack of trust between staff and management. The HR function too was inward looking and reactive. Key policies – for instance around flexibility, age regulations and retirement – had not kept pace with changing times and procedures such as disciplinaries were archaic. Yet, rather than upgrade policies locally, the HR team preferred to wait for national agreements to change. When Roshan Israni, Director of People Management & Organizational Development (OD), joined the organization in 2006 from local government, her vision from the outset was for HR to move towards becoming a truly OD function.

Developing positive employee relations

Back in 2005–6 management relations with trade unions (TUs) were generally poor. Union representatives tended to have a fixed view of management and negotiations between trade unions and management were generally about 'cutting deals'. Even though TU representatives were mostly highly qualified, intelligent and articulate, their TU skills were not up to speed and their knowledge of TU legislation tended to come from the heart, rather than being based on real knowledge.

Roshan was determined to build a new working relationship with the unions and to actively engage them in creating a performance culture. Roshan's approach was to be open and honest with TUs so that they could be empowered with greater knowledge. Between 2006–7 HR

started working with trade unions in a non-confrontational way on developing HR policies. This policy development work took 18 months and, though progress was made in small steps, this collaborative approach resulted in one-third of policy changes being achieved through consultation rather than negotiation.

2010 was a breakthrough year. Changes at national level meant that what had previously been the Northumbria Probation Service became an Independent Trust. Management were determined that this would involve more than simply a name change and undertook to lead a constructive culture change towards a culture characterized by openness, honesty and high levels of staff engagement and trust. Nine aspirational cultural characteristics were identified.

Employee engagement programme

One of the early tests of this new approach was the decision to carry out a staff survey – the first since 2005. The way this was handled modelled the way forward.

In a clear commitment to honesty, the HR team were candid about the (limited) extent of follow-through from the 2005 survey. A series of HR communications reviewed what had been acted on in a number of 'You said... we did' statements. There were also items labelled 'You said... we did not'. As Roshan points out, this initially shocked the board but '... staff realized we were being honest'. In addition, some issues that staff found irritating, such as problems with the national IT system, were outside the control of local management. To an audience of social workers and probation workers who were tired of national targets, it was important to be clear about what was within and outside management control. So a further column talked about 'You said... we could not'. This went down really well with staff and set the tone for more detailed discussions with staff and unions about some of the changes that the organization needed to make.

Capita were chosen to carry out the 2010 survey since they could provide a wealth of external benchmarks against which the Trust could compare itself. Roshan and her team organized roadshows and staff briefings to launch the employee engagement programme, whose brand title of 'Progress Through People' was also chosen by staff. Indeed, Roshan and senior management deliberately encouraged Capita to meet with staff without management being present. As a result the survey was kept 'live' for longer than usual since staff holidays mostly fell during the survey period. Staff focus groups also helped to design the survey items so that what was most important to employees was included. Various 'gimmicks' – such as prize draws – were used to encourage staff to fill in the survey. Ironically, such was the initial level of scepticism among employees that some asked how they could possibly win the prize draw if they had completed the survey anonymously. Persistence paid off and the response rate was 74 per cent. Staff slowly started to trust management.

Following the survey, managers from the top down took on the task of debriefing staff at different levels and of developing action plans. As a result of the way management shared the feedback, staff knew that managers would be open to scrutiny. Translating the feedback into action required real commitment from senior management. Leaders were trained in

appreciative inquiry techniques to help take things forward. A number of key work streams were identified to address the key issues identified and there were many workshops and focus groups to develop implementable action plans. This appreciative approach set the tone – it was about learning from what was working well rather than simply complaining about what needed to change.

Upskilling managers

However, the employee engagement programme was not limited to surveys alone. Before the Probation Service achieved its Trust status in 2009–10, the weakest organizational link was the middle management population. At the time middle managers tended to associate themselves more with the staff and trade unions, rather than seeing themselves as managers. They had never had any management training and, while Roshan believes that training is only one facet of OD, she considers it an important one. As she points out, 'We believe the chain can break if they're not on board. That's the group we need to invest in.' She therefore worked with a local university to create a management development programme, which was attended by three cohorts of managers. Managers commented that they had never seen anything like it before. The combination of self-awareness using psychometrics and ongoing middle management skill workshops proved highly effective. Indeed, so pivotal was the development programme in unlocking skills that 15 managers studied for an advanced diploma in coaching.

In 2013 the Trust launched its latest survey. And it could be said that the work on engagement has provided a firm foundation for yet more change to come under the Government's privatization agenda for the probation service. In particular, staff value managers' openness and informal feedback and, as one person comments, 'We are adults – let's hear it when you hear it'. True to form, NPT are carrying out intensive staff briefings. Roshan and her team are also launching a health and well-being initiative, including 'My Choice' health checks.

Benefits

There have been many other benefits from the employee engagement programme. Post the 2010 survey, NPT came in the top 10 of Capita's benchmark group of the top 42 Public Sector Employers of Choice. Another measure of success is reflected in the Trust's Investors in People (IIP) status. In 2011 when the Trust started working on IIP reassessment (from 2005 and 2008), management took the bold step of opting for reassessment against the full standard, hoping that the organization might achieve silver standard. Trade union reps, the chief executive and 65 staff members were interviewed. To everyone's delight, the organization achieved gold standard and was invited to become an IIP champion to spread the word about the importance of employee engagement. This has led to many visits to local companies and hosting groups of professionals who want to learn how the Trust achieved the gold standard. Perhaps most significantly, the views of staff reflect the positive changes that have taken place

to create the new culture of engagement. When asked if and how the organization had improved, staff overwhelmingly responded 'yes' – on all nine cultural characteristics.

As this case study suggests, times of change do not have to put employee engagement strategies on the back burner. Here staff and trade unions worked as partners with management to achieve a new way forward for the organization. Shared purpose and values are the glue that holds the organization together during times of change. Trust is the basis of positive employee relations. Employers must maintain the confidence of their workforce by treating them fairly and ensuring that line managers give them consistent messages about the future. It is crucial that leaders at all levels are authentic – they do what they say they will do – and open – they don't hide the truth from employees; instead they invite employees to participate in the change journey, making the outcomes as win–win as possible. It's important that line managers are upskilled for the task and that everyone has opportunities to learn and develop in order to play their part in the new culture.

In summary, to build a context for employee engagement:

1 *Make engagement a priority at all levels of the organization*. If your company's actions are not being echoed in each workplace, the efforts will not take effect. Conversely, it's not enough to leave engagement to front-line supervisors; business leaders must be seen to 'walk the talk' as well.

2 *Take time to diagnose and actively address the root causes of employee disengagement*. The aim should be to make employee engagement a daily focus for managers rather than simply an annual survey process. Each organization has its own particular issues, different groups of employees are influenced by different combinations of factors, and there is no standard template for deciding which specific policies and practices will have most impact on engagement. So organizations need to consider carefully what is most important to their own staff, using pulse surveys to take the temperature and involving staff in focus groups to isolate the key factors that can make a positive difference. Staff should also be involved in taking the actions required to address the issues identified, supported with relevant resources and authority.

3 *Check everyone understands the direction you're heading in*. In times of change, business strategies may need to be sharply revised. Communication and explanation are vital so that employees know where the business is heading, can reconnect with the business's new agenda and know how they can contribute.

4 *Rethink the topic of workplace wellness*. Effective well-being strategies can help people make the transition through change and cope with the demands made of them. Good support here can help foster resilience in the long run.

5 *When cutting costs, cut work too*. Simply cutting staff and expecting those remaining to cope with the same workload risks raising pressure and reducing the quality of delivery. Managers can help by coaching their staff and refocusing workloads onto priority areas.

6   *Keep your key talents in focus.* As career opportunities may be even more limited in tough times, make sure you bear your best performers in mind when filling jobs. Recruitment firms are aware of wide-scale pent-up career frustration and, as labour markets ease, high turnover of key talent can be anticipated in years to come. Risk management and retention plans should be applied to people and jobs where key knowledge and skills are in short supply. And even if job advancement isn't possible, how about cross-training, strategic project assignments or job enrichment? Nationwide, for instance, demonstrates its mutual philosophy in its employment practices. It has an honourable record of continuing to invest in its people during the recession.

7   *Measure what gets done.* Put key engagement targets into the balanced scorecard. Tracking the actions that have been put in place to improve employee engagement keeps people focused and gives something to celebrate when success is achieved.

8   *Play fair by staff.* The Global Risks report by the World Economic Forum pointed to growing income disparity as the biggest risk factor facing businesses today. The danger is that business success benefits a privileged few – such as through equity-based rewards – but not all. Playing fair by staff, sharing the benefits of success at all levels and recognizing the common efforts being made is the best way to build employee engagement and commitment.

Conclusion: building a more mutual employment relationship

As we have seen from these cases, employee engagement is the key to sustainable employee performance, organizational agility and great business results. Under the spotlight of the COVID-19 crisis, company culture has never been so important. In an engaging, inspiring working environment, agility and resilience will flourish – along with increased staff morale, commitment and productivity, an improved ability to attract quality staff and an enhanced reputation with stakeholders (eg community, regulators, clients).

Today's work-intensive and insecure workplaces tend to routinely destroy meaning for people. Research into what people find meaningful at work (Holbeche and Springett, 2005) suggests that most people want opportunities to develop, to deliver to their full potential, provide useful service to others, to be part of a good community doing worthwhile things. They want to be valued as humans, not seen as mere 'resources'. For leaders, managers and especially HR the challenge is to unblock some of the common barriers to meaning, to help people to grow, build communities working towards a shared purpose and celebrate achievements. Being fair and transparent with employees is not an optional extra. When people feel well treated by their employer and part of an organization doing worthwhile work, they are happier, have less stress, more of a sense of accomplishment and contribution to society – and they are also more productive.

So if organizations and their workforces are to thrive in changing times there must be a better balance between corporate and individual needs. Employers should aim to develop employment relationships based on fair and adult–adult, rather than paternalistic and ultimately instrumental parent–child assumptions. Employers who are forward looking, who sustain their investment in people and continue to develop the abilities of their workforce are likely to maintain their competitiveness and be well positioned for growth since they will motivate and retain valued employees. After all, employees will welcome change if, as a result, they work in a positive environment, are part of a winning team, are more capable and empowered, have learnt from their experiences and have the tools to be self-managing. Ensuring mutual benefits (as well as risks) for both organizations and employees is potentially a more sustainable and honest basis for an employment relationship that is better suited to the demands of today's volatile global economy.

The engagement–performance potential is there – delivering the results is a shared effort involving leaders, managers, HR/OD, internal communications and employees themselves since employee engagement flows up, down and across the organization. There is no short cut to building and maintaining employee engagement, but the time, effort and resource investment required will be amply repaid by the performance, health and reputational benefits that should endure over time. With an uplifting and energizing purpose, employee engagement at the heart of its culture, effective leadership, management and followership, any organization and its employees can become change-able and achieve the win–win outcomes they deserve.

In the next chapter we shall consider how to develop the kinds of leadership fit for the 21st century.

20

Developing effective leadership

The impact of globalization, technology and the COVID-19 pandemic has to a large extent reframed the environment in which organizations create value. The 21st century is bringing rapid changes and an operating context characterized by uncertainty, ambiguity, discontinuity and intense rivalry between firms. As a result organizational change and the search for innovation are increasingly the norm.

Against this challenging backdrop the leadership task is becoming ever more complex. To deliver results leaders must interface with multiple stakeholders, overcome increased competition, build new business opportunities, widen their customer base, develop new markets, product and service offerings, improve processes by implementing automation or next-generation technologies, and protect and enhance brand. To develop the organizational agility required for sustainable performance, leaders need to actively operate as change agents. They must be able to shift organizational cultures to become more flexible and agile, secure future talent and engage employees in ways that produce discretionary effort through periods of uncertainty.

So great are these challenges that Gary Hamel and Bill Breen (2007) suggested that many managers are ill-equipped to deal with them. That's because the evolution of management thinking and practice has 'slowed to a crawl' and remains stuck at being good at static efficiencies (operations, exploitation) rather than dynamic ones (innovation, exploration); this at the very time when new dynamics of competition and technological change make management as usual untenable! These authors argue convincingly that 'what ultimately constrains the performance of your organization is not its operating model, not its business model, but its management model' and that 'management as currently practised, is a drag on success'. In fact they declare: 'Management is out of date'.

I agree with these authors and believe that the 'right' kinds of leadership will be central to organizations' ability to maintain and improve performance through what are likely to be ongoing economic challenges. Yet given changing demographics and employee expectations, the definition of the 'right' form of leadership in any given context today may be different from in the past.

Why is leadership so key? Like it or not, many surveys report leadership, or lack of it, as the primary reason why people either choose to stay with their employers and give of their best, or leave; or worse still, stay but become cynical and find work meaningless. Leaders and managers are the real OD practitioners. The health of an organization is often directly linked to the attitudes, behaviours and priorities of leaders at all levels. Through their words and deeds they create and shift organizational cultures.

HR has a key role to play in improving the quality of leadership practice, and in identifying and developing future leaders. In this chapter we look at how HR practitioners working within an OD frame can foster the kinds of leadership needed for success in the 21st century.

In this chapter we shall consider:

1 changing definitions of leadership;

2 HR's role in developing leaders;

3 equipping leaders for the task;

4 HR exercising stewardship;

5 crafting a leadership development strategy.

Defining leadership

Of course there is no shortage whatsoever of leadership theory – a quick internet search will yield hundreds of articles that address some aspect or other of leadership. But I'm afraid that I have to agree with Augier and Teece (2005) when they say, 'As a scientific concept, leadership is a mess'. Quite what is required to successfully lead in today's organizations is less than clear. A meta-analysis of some of the trends emerging from a review of leadership literature (2003–2020) helps identify some of the shifts taking place in both the nature of what is required of leaders, and in how definitions of 'effective' leadership are changing.

Leadership is increasingly defined not as what the leader is or does but rather as a *process* that engenders and is the result of relationships – relationships that focus on the *interactions* of both leaders and collaborators instead of focusing on only the competencies of the leaders. Increasingly individuals rely less on organizational authority as represented by the boss; instead they rely more on internalized images of their own authority.

There is a growing challenge to the 'one size fits all' normative approaches to leadership against which leaders can be developed and measured. Emphasis is shifting away from 'heroic' leaders towards the leadership system that makes it possible for people at all levels to exercise leadership. However, there is also a growing

consensus that top management behaviour, including what leaders are prepared to condone, has a significant shaping effect on the culture since it teaches people more about the real values of an organization than anything else.

There is also a special focus on the demands facing leaders and a growing recognition that something different is needed. For instance, various corporate scandals involving CEOs and public leaders, and public concern about the practices of companies that exploit suppliers or pollute the environment, have put the ethics of business in the spotlight. So what is the role of leadership in legitimizing dissent and experimentation? What kinds of organizational cultures should leaders be building?

To build companies fit for the future do we need not only new management practices, but also a new statement of principles? The Deloitte Global Millennial survey (Deloitte, 2020b) found that 75 per cent of surveyed Millennials believe businesses are too focused on their own agendas when they could pay more attention to the greater good and societal impact. If anything, the pandemic has reinforced Millennials' desire to help drive positive change in their communities and around the world. How then should leaders be held to account and rewarded?

Similarly, as the Fourth Industrial Revolution proceeds apace, leaders have a key role in preparing their organizations for the future of work that involves humans and technology working together in partnership to accomplish tasks in a more agile, effective and efficient manner than ever before. While elements of increased automation will play a key role in the future workforce, the humans involved in the change process are far more important than the technology. How can leaders lead this transformation in a way that produces a 'win' for the business and a 'win' for the workforce?

To answer these questions there is a growing consensus within recent leadership literature that new or evolved forms of management and leadership are needed that are more values based and better suited to the demands of a complex, fast-changing knowledge-based economy. This includes a shift towards a more people-centred approach that not only accommodates the expectations of Millennials, but also allows people from all generations and walks of life to thrive in organizations that support well-being and development. These new leadership concepts promote self-management, empowerment, teamwork, values, agile processes and emotional intelligence.

From 'I' to 'we' – distributed leadership

Another key theme emerging from the literature is that of shared or distributed leadership. The focus is on creating leadership at all levels, ie empowered, proactive workforces, and also on building healthy leadership systems. Leadership is variously described as '*shared*', '*we*', or '*distributed*'. According to Spears (2004), 'We are seeing traditional and hierarchical modes of leadership yielding to a different way of

working – one based on *teamwork and community*, one that seeks to involve others in decision making, one strongly based in ethical and caring behaviours'.

In knowledge- and service-intensive work environments in particular, employees want and expect to be treated as thinking, capable adults. Raelin (2005) argues that in 'leaderful' organizations leadership is seen as concurrent, collective, collaborative and compassionate, in contrast to more traditional leadership, which tends to be thought of as serial, individual, controlling and dispassionate. How does shared leadership come about? It seems to emerge 'naturally' in situations where there is a strong emphasis on employee development and on managers creating the environment to allow staff to release potential, as in the Oxleas case later in this chapter.

HR's role in developing leaders

Developing new kinds of leadership thinking and practice can be one of the most challenging aspects of the HR role. Ulrich *et al* (2008) argue that HR needs to lead the talent agenda and itself embrace a blend of leadership roles – organizational strategist, organizational executor, talent manager, human capital developer – underpinned by high levels of personal proficiency. Yet HR professionals often find themselves in a dilemma. While their organizations are asking them to become leaders and partners in running the business, they are frequently asked to implement initiatives and programmes over which they have no formal authority or with which they disagree. Migrating to different leadership patterns can be unsettling; leaders may be reluctant to share power and people may still look to leaders for idealized leadership. HR has to take care of people's anxieties (including their own) when moving into uncharted territory.

On the other hand, HR has many opportunities to impact on what happens. Not surprisingly in this era of protest, given the general discrediting of many top managers over the issue of executive bonuses, short-term orientations and accusations of self-interest, a very strong and growing theme in the leadership literature concerns ethics and a leader's authenticity. Individual business leaders are expected to demonstrate strong values and to exercise moral leadership. HR needs to ensure that the company values are reflected in the standards set, and that these apply to everyone, including the executive team and the board. HR must have the courage of its convictions in tackling poor standards, especially where there are clear gaps between rhetoric and practice on values.

Essentially this is about HR exercising stewardship, improving the quality of leadership through shifting mindsets and leadership practice. Since HR leaders may be directly or indirectly involved in senior-level appointments, they have the chance to influence thinking about the kind of leadership an organization needs. Before appointment, HR must assess potential areas for concern that may lead to executive

derailment. Once the CEO or executive is in post HR should use this data to further build the relationship and to develop and maintain the 'right' behaviours.

Within management teams HR can provide an independent voice by holding up a mirror to the CEO and executives. It's about finding an appropriate balance between supporting and challenging the organization's leadership. In the absence of other opinions the HR leader and/or OD specialist needs to solicit them, all this in the spirit of constructive conflict or what Peter Drucker (2007) described as 'organized disagreement'.

In his seminal article 'Teaching smart people how to learn' (1991) Chris Argyris points out how defensive thinking is commonplace among knowledge workers. What Argyris calls 'single-loop' learning often serves to suppress doubt and ambivalence. However, doubt, debate and reflexivity (or 'double-loop' learning) are vital to promoting real learning and enhancing the collective pool of knowledge. This is particularly the case with knowledge workers, including leaders. It is important that leaders listen and ask questions. Often, they may hear what they do not want to hear, an opposing point of view for instance.

Opening up such conversations might seem a career-limiting experience for an internal consultant and is a real test of an effective HR/OD practitioner's mettle, since many leadership groups have a vested interest in maintaining the status quo. This isn't about reckless challenge or falling on swords but it is about learning how to influence better, knowing which battles to fight and how to build alliances. Clearly to influence effectively at this level HR needs to be credible – with real business understanding and a real, deep appreciation of the drivers and motives of the CEO. Influencing with integrity requires high levels of self-knowledge, a strong set of values, good judgement and personal courage (and negotiation skills training can be useful too!). The HR professional must find a way to become a true partner with the CEO. The issue is how to become a partner with a leader, and also retain leadership behaviours yourself.

Equipping leaders for the task

Ulrich argues that the leadership skills and behaviours required should not be deduced from some ideal competency template but from the actual results leaders will have to achieve. A 'leadership brand' should therefore connect leadership development to business, organizational and individual performance. What are the kinds of challenges faced by leadership and management, and the kinds of development needed to help leaders cope with these challenges? Of course there is no overall blueprint, but some of the trends emerging from the literature and my own consultancy practice are as follows:

a) Leadership challenge: forging new business directions

Conventionally leadership from the top is associated with direction setting. In rapidly changing marketplaces leaders must adapt and increase the speed of decision making. The way that leaders think and manage their teams needs to become agile and flexible in order to keep up with the rate of change and effectively execute new growth and recovery strategies. Conventionally, leaders usually work hard to innovate within the current business model and therefore maximize its potential. They scan the environment, consult and involve stakeholders. To inform their decisions business leaders today have access to more data than they ever had before. Technology such as artificial intelligence (AI) turns available data into insights and can help leaders use this data in ways that would never have been imagined possible previously.

Of course, decision making and setting the business direction can be challenging enough tasks in 'normal' times but in an ambiguous, fast-changing context, leaders may increasingly be required to innovate the business model itself, potentially running with several business models simultaneously. They have the challenge of producing a credible roadmap for the business, cultural and digital transformations required, incorporating, for instance, the creation of a new target operating model, cost reduction, efficiency, productivity requirements as well as strategic growth. Business leaders' priorities may also need to shift towards building capabilities to enhance their organization's potential for strategic growth rather than just achieving cost efficiencies in the here and now. This kind of thinking may not come naturally to leaders who have reached the top of organizations by innovating within a given business model.

Even before the current crisis, changing technologies and new ways of working were disrupting jobs and the skills employees need to do them. The pandemic presented business leaders with a major challenge unlike any they may have previously encountered. Every aspect of business performance has been impacted, including business continuity, how, when and where employees work, how customers behave and how supply chains function. Many leaders have risen to the challenge presented by the crisis. For instance, some manufacturing companies rapidly switched away from their usual products to instead develop hand sanitizers, ventilators and other pandemic-related goods.

Many CEOs also changed the ways they lead and the very human and personal ways they communicated with their workforces have the potential to make a difference beyond this crisis. McKinsey (2020a) identified four shifts in CEO behaviours that are also better ways to lead a company: unlocking bolder ('10x') aspirations expressed in terms of desired stakeholder outcomes, elevating their 'to be' list to the same level as 'to do' in their operating models, fully embracing stakeholder capitalism, and harnessing the full power of their CEO peer networks. If these shifts become permanent, McKinsey argues, they have the potential to thoroughly recalibrate the organization and how it operates, resetting its performance potential and its relationship to critical constituents. Indeed, McKinsey argue that part of the role

of the CEO is to serve as a chief calibrator – deciding the extent and degree of change needed – and that leaders must consciously evolve the very nature and impact of their role.

Providing clear direction is not just a case of issuing business imperatives and strategic plans. Organizations as human systems are subject to the ebb and flow of a wide range of emotions, aspirations, frustrations, anxieties and power play. As Marshak (2006) points out, covert processes at work can both undermine individuals and enable things to happen. In times of change employees look for encouragement as well as direction and focus. In this context leadership becomes less about top-down direction and more about managing human dynamics and sense making. Leaders need to provide vision and support, eliminate obstacles, invest in people and build communities aligned to a common shared purpose. Indeed, as technologies like artificial intelligence and machine learning foment insecurity in workforces, effective leaders demonstrate strong people skills, such as emotional intelligence and empathy, to support their organizations and their people in facing the demands of the Fourth Industrial Revolution.

HR response: We will need to develop leaders who can cope with ambiguity, manage change, deal effectively with paradox, be guided by their moral compass and help create a sense of direction and purpose through which employees become and remain engaged with the organization in ways that lead to sustainable high performance.

The literature suggests that effective leaders handle uncertainty by reflective conversations, that they must find sources of advice they can trust and that the first step of any leadership development journey requires leaders to look at themselves intensely and critically, ie leaders must develop self-insight and grapple with their shadow sides. Leaders need moral codes that are as complex, varied and subtle as the situations in which they find themselves.

HR can help by providing leaders with access to networks, action research groups and executive coaches where they can share dilemmas in a trusting environment, have the opportunity to be reflexive and make sense of the complexity of the challenges they are dealing with, not least their own confusion.

HR can also ensure that CEOs are communicating effectively with the workforce, and that the conversation is two-way. After all, CEOs can also learn from the workforce. Authenticity of communication and action is the mainspring of trust, the vital 'glue' in organizations that makes things work. As Renjen (2020) points out, COVID-19 has heightened stakeholder sensitivity across four dimensions of trust – physical, emotional, financial and digital – but trust starts at the human interpersonal level. For example, trust may be built among employees when leaders go to great lengths to preserve as many jobs as possible rather than just preserving profits. Similarly, trust may be built among customers when organizations add extra security measures to protect customer data from cyber threats.

b) Leadership challenge: managing change and organizational culture

Schein (2004) argues that creating culture is what ultimately distinguishes leadership from management: 'If one wishes to distinguish leadership from management or administration, one can argue that leadership creates and changes cultures, while management and administration act within a culture'. Schein goes on to say that 'The only thing of real importance that leaders do is to create and manage culture; that the unique talent of leaders is their ability to understand and work with culture; and that it is an ultimate act of leadership to destroy culture when it is viewed as dysfunctional'.

The 'right' kinds of leaders fully embrace their role as organizational leaders and consciously focus on building a sustainable organizational culture using symbols and dialogue to create moral solidarity and enriching the culture by telling stories. Such leaders use their 'self as instrument' as would an OD specialist or HR, acting 'with attitude' as Ulrich put it. For Tubbs and Schultz (2006) the leaders' values strongly shape behaviours of people around them. Above all leaders must act as role models, 'walking the talk' with respect to values: 'perhaps the most important task is to build an organization with a set of values and an identity that is sufficiently compelling for talented people to buy into' (Devine, 1999).

Given the context of almost constant change, various authors argue that leaders must be versatile, able to be both strategic and operational, forceful and enabling. They may need exposure to new ways of thinking, 'Because leading transformational change is so radically different from managing or leading a stable organization, leaders cannot simply lay their old way of thinking, behaving, and operating on this new world and expect success' (Anderson and Ackerman-Anderson, 2001). Leaders may need new skills, knowledge and approaches to equip them for their roles as change agents: 'Leaders must continue to lead, and consultants must continue to consult. Yet to be effective in transformation, leaders must develop people and process skills previously reserved for, or shunted to their consulting counterparts, and consultants must become more grounded in core business skills and strategies previously reserved for leaders'.

HR response: By and large senior managers are not trained to see themselves as developers of culture. Even when they are, they may not know how to go about it. HR and OD specialists can support and develop leaders to play their role in culture change and managing change. In developing change leaders the emphasis is on authenticity and emotional intelligence as much as on intellect, and the ability to translate this self-awareness into behaviour. Effective leadership behaviours include understanding the bigger picture, demonstrating a compelling and achievable vision, inspiring others, active listening, reframing, encouraging others to be creative, creating transformational change, developing a team-oriented culture.

I am grateful to Bob Montgomery for the following short case study. Bob is Organization Development Center of Excellence leader at Lockheed Martin Corporation. Bob is responsible for performance management, leadership and organization development.

CASE EXAMPLE

Developing engaging managers in Lockheed Martin Corporation

Lockheed Martin moves product in times of crisis – the company is the world's number one military contractor and is firmly on the US defence/government side of the aerospace industry; in fact the US government accounts for about 85 per cent of sales. This reliance on the US government is a double-edged sword: Lockheed can avoid turbulence in the commercial aerospace sector, but the company is vulnerable to military spending cuts. As a government contractor, the firm cannot carry heavy overheads. Given the current economic situation facing world governments, the challenge will be to continue to deliver product and operational excellence within an increasingly cost-constrained environment.

Talent shortages

In common with other organizations in similar industries, Lockheed Martin is facing potential talent shortages in years to come. Lockheed Martin employs a mix of military and civilian staff and its main professional group are engineers, many of whom are 'Baby Boomers' who have amassed considerable experience and valuable expertise in the company.

Over the next few years many employees are due to retire and there are worldwide shortages of engineering talent now and predicted for years to come. Consequently Human Resources in Lockheed Martin are very focused on both retention and on building the talent and leadership pipeline. What helps is that Lockheed Martin is known to be a good employer. The company has received accolades of being one of the top places to work for women, engineers and minorities. It also is viewed as one of the top 25 companies worldwide in developing leaders.

Leadership as a culture change lever

The organization's culture has always been results driven with a conventional mix of military and civilian values and hierarchical management styles. Stereotypically engineers in management positions are most interested in the technical aspects of the job, rather than the people management aspects. As the organization gears up to deal with today's more challenging economic conditions, there is growing recognition within the company that the organization's culture and the nature of management and leadership need to change to equip Lockheed Martin to be more nimble and cost effective while retaining its focus on quality, customer and innovation.

Bob Montgomery considers that a shift is needed away from command and control management styles to leadership styles that are more focused on getting results through people. Employee surveys and straw polls indicate this as well. With more limited resources attempting to carry out the company imperatives without a change of management style is likely to be problematic. As Bob says: 'We should be using the intelligence of many, not just the few. We need to create a highly engaged work environment and build the competence of our managers to create that work environment.'

To start this culture shift, Bob Stevens, the CEO of Lockheed Martin, introduced a comprehensive leadership process around recruitment, talent management and development, known as 'Full Spectrum Leadership'. Bob Montgomery argues that attempting to tackle a major shift through just one sub-system, such as training and development, is unlikely to deliver the results needed. What is needed is a whole-system approach (which this one intends to be), in which potentially conflicting sub-systems can be aligned with the strategy.

People are recruited and developed against key leadership competency areas:

- shape the future;
- build effective relationships;
- energize the team;
- deliver reality;
- model personal excellence.

There is a 360-degree feedback process, which operates from the top management down to first line supervisors. New recruits are introduced to leadership development from the outset and given a strong orientation in the new approach. As behaviours start to change in the desired direction, Bob considers the next stage is to build in stronger accountability for delivery to ensure that managers and leaders 'walk the talk' – with goals and objectives that can be measured, monitored and evaluated.

As Bob argues, it is dangerous to come in with a set solution. Real success will depend on achieving both congruence with the environment and alignment of the subsystems with these strategic demands. Above all it will depend on 'your ability to adapt and change'.

What I find interesting about this case is the systemic approach to shifting towards a more agile culture by developing different kinds of leaders. Various HR and other levers are used in a synchronized way, and review is built in. At top management level change leadership is about creating new capabilities and sustaining them through time. The context has to be created so that people can become effective in the 'new'. In this case the process is driven from the top as a business imperative since there are clear environmental drivers to do so.

c) Leadership challenge: growing tomorrow's leaders

Many executives and HR teams struggle to find the kinds of future leaders their organizations need; therefore building a strong talent pipeline and also improving the quality and capability of current leadership and line management are key priorities. Succession planning is now considered a key element of talent management, with ownership of the process widely recognized as belonging to business leaders, and responsibility for designing the process and the quality of its outcomes resting with HR.

A typical 'leadership brand' (Ulrich and Smallwood, 2007) succession planning process involves first anticipating changes in markets over the coming five- to ten-year period, then envisioning where the organization wants to be in those markets. By looking ahead at the kinds of results that will typically be required of managers in future it is possible to predict that managers will be required to manage more diverse workforces, including age diverse, and to manage at a distance, across different time zones and cultures.

From that, it should be possible to envisage what potential leaders will need to deliver in five years' time and start to identify and develop leaders with the qualities and abilities to operate in the ways that will deliver success. These will be leaders who can develop flexible structures and roles with a line of sight to the customer, who coach and develop their teams, create a shared sense of direction in the face of ambiguity, are credible and demonstrate their values through their actions and behaviours. Then it's about growing a broad talent pool and keeping high-potential employees longer in development posts so that they can deliver meaningful performance before progressing to the next experience.

I am grateful to Simon Hart, HR Director at Oxleas NHS Trust for the following short case.

CASE STUDY
Preparing managers to lead change at Oxleas NHS Trust

The business strategy of Oxleas NHS Trust will require significant amounts of organizational change, so a key element of the organizational strategy is preparing management and HR for their role in managing change.

The CEO wants the organization to be the best that it can be – he has high expectations of himself and others and is very visible throughout the organization. These high aspirations permeate the organization and set the standard for how senior managers should act. The CEO is widely respected throughout the organization. His personal style is very open and approachable and this encourages a high level of communication between staff and management that is solution focused. The proactive and visible approach of the CEO is mirrored by the executive team, for example the director of nursing spends at least one afternoon every week in clinical areas listening to users, carers and staff.

Holistic leadership development process

In this Foundation Trust there are high expectations that managers will be able to manage performance. Effective managers will be those who not only actively manage performance but are also aware of their own strengths and weaknesses. HR Director Simon Hart recognizes that managers will find the business of leading change challenging, and that this is also likely to take its toll on directors. He is developing a senior manager leadership programme to support the Trust's quality agenda. The demands of the Trust's quality agenda and service development strategy are such that it is crucial that all senior managers, not simply those who are deemed to be future directors, are equipped and supported to be able to meet these demands.

A key plank of the organizational strategy focuses on strategic talent and succession planning and building a talent pool up to director level. Building consistently good leadership is a priority and of particular concern is the perceived lack of internal applicants for director-level roles. Consequently improving the quality of management below director level is important. Competencies have been developed as criteria for recruitment, management development and training and performance management. Career tracks and connections are being developed for middle managers (such as current and aspiring ward managers) and these are forming part of an integrated training, development and succession planning process.

This shift towards building communities of leaders at every level who can proactively shape some of the context around them, and deliver successful implementation through high-performing, highly motivated and committed teams presents particular challenges for HR. If leadership is distributed, what has happened to the balance of power? How prepared are leaders to share power? If people are demonstrating distributed leadership what has made this possible? What are the benefits? HR has a particular interest in answering these questions since they lie at the heart of employee engagement.

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d) Leadership challenge: managing the employment relationship

As we discussed in the last chapter, getting the 'right' people focused on the 'right' things and *engaged* in the collective effort has never been more important to business success. And during challenging times engagement may be at risk with potentially serious consequences for people, organizations and the economy.

Engaged employees – who are aligned with organizational goals, willing to 'go the extra mile' and act as advocates of their organization – are effectively offering their voluntary effort, going beyond the minimum required to earn their pay. There is growing evidence that the criteria used by younger workers in particular to select their future employer – even more than the pay on offer – include the chance for learning and growth, respect for them as individuals, company ethics and values.

'Old' management and leadership styles, based on a convention of low trust/high control sit uneasily against a paradigm of 'volunteer' knowledge workers, who are expected to be accountable and empowered, willing and able to create shared learning

and intellectual capital. To respond to the engagement challenge leadership styles need to evolve beyond command and control, heroic or charismatic models towards more collaborative leadership styles that act as the basis of mutual trust and respect. 'Engaging leaders' are accessible, show genuine concern and build a shared vision. They act with integrity, are honest and consistent. In short, they are authentic: they are who they say they are and do what they say they will.

In this new era the employment relationship needs to be based on adult–adult rather than parent–child relationships. There need to be mutual benefits (as well as risks) in becoming more flexible and sustaining high performance, for both organizations and employees.

HR RESPONSE: DEVELOPING ENGAGING MANAGERS AND LEADERS

As we discussed in the last chapter, HR has a key role to play in supporting current leadership to make the shifts required and helping select and develop the next generation of leadership who 'get' the importance of engaging employees. Current leadership development trends include the use of concepts from neuroscience to help increase leaders' self-awareness. Increasingly too vulnerability is being recognized as a leadership strength, rather than weakness. From this vantage point leaders start to see the aspirations of the business through the eyes of the people they lead. As a result their leadership demeanour, focus and interactions change. Everyone benefits. So HR should consider the maturity of the leadership team. Are they able to be vulnerable, authentic, do they trust one another to speak and act as one when they walk out of the room? Sometimes work like this is a leadership team effectiveness intervention in itself. One company that has adopted such thinking in its leadership development with the help of Ashridge Business School is FrieslandCampina, the world's second largest producer of milk products. Now that a sizeable cohort of managers has experienced this approach, the positive effects of building an empowered organizational culture are being felt internationally.

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e) Leadership challenge: leading a diverse workforce

Perhaps one of the generically most difficult cultural challenges is to produce a real shift in people's mindsets and behaviours with respect to equal opportunities, inclusiveness and genuine diversity, as discussed in earlier chapters. By subtly raising awareness about diversity HR can help produce attitude and behavioural shifts towards more inclusive practices. I am grateful to Fleur Bothwick, Director of Diversity and Inclusion for Europe, Middle East, India and Africa at Ernst & Young for the following example of one approach to shifting manager mindsets and practice with respect to better practice on diversity and inclusion.

CASE STUDY
Developing an inclusive culture at Ernst & Young (EY)

In recent times the professional services firm Ernst &Young has become a global organization and has restructured accordingly, grouping the 87 countries in which the firm operates into 12 sub-areas (SAs). In this global and increasingly multicultural environment, employees will increasingly need to be able to work effectively across boundaries, and build partnerships and consensus. With a mix of over 12 cross-national stakeholders working virtually, communicating by phone and email, people need to be able to build rapport and teamwork remotely – in other words they must be able to thrive on diversity and inclusion.

Fleur Bothwick points out that there is a strong business case for building a culture conducive to diversity and inclusion. Ernst & Young's own research into other global companies found that most global companies fall short on the diversity of thought and culture needed to handle global business – boards of directors seldom reflect the global reach of their businesses. Almost half of the companies operating in 25 or more countries admitted that they had at most only a couple of foreign nationals on their boards, yet they cited having globally experienced staff as the leading cultural factor in successfully conducting business around the world. As they point out, a lack of diversity of thinking and experience at the senior management level could leave firms behind as they race to compete.

As might be expected, Ernst & Young has policies in place to encourage good practice and at senior levels the importance of achieving a diverse and inclusive culture is recognized. Yet despite attracting plenty of women recruits at entry level, Ernst & Young has relatively small numbers of women or people from minority ethnic groups in senior management. It seems to be at the middle management (so-called 'permafrost') layer that the reality of enacting the policies is different from the intent. For instance, while the firm has policies with respect to flexible working, in a more cost-constrained environment it can be difficult in practice for managers to obtain temporary cover when someone is on maternity leave.

Thanks to demographic shifts managing for diversity is becoming a business necessity. There will simply not be enough 'conventional' recruits coming through to fuel growth in some regions, therefore managers will have to think differently about how to source a talent pool that will inevitably broaden. Developing an employer brand that is attractive to a broader talent pool will require active policies that are supportive of a genuinely diverse culture. Similarly, potential new clients increasingly want to know what Ernst & Young's own diversity and inclusion policies are before entering into a business relationship with them.

One initiative that is starting to shift mindsets is a web-based learning tool based on work by Kandola and others, which looks at the 'unconscious bias' in processes that undermines diversity. The tool helps managers to consider the issues without defensiveness because the message is that bias is natural and that people are largely unaware of their own prejudices. It allows learners to understand the benefits of shifting mindset to embrace diversity and inclusion. The tool has already been used with large numbers of managers and is now incorporated into the induction process. 'Unconscious bias' is now becoming a frame of reference as people start to use the terminology. Fleur sees this as only one of a range of

initiatives that will slowly create a 'tipping point' of attitudes, which will then reflect the new 'way we do things around here'.

There is evidence again here of how one firm's culture shift is getting under way without the need for great fanfare by creating dialogue across the firm with the use of a simple tool and gradually embedding new practices through other HR-managed processes such as induction. Here diversity is not seen as a 'nice to have' but a business necessity.

Sometimes awareness-raising is not enough to shift embedded social attitudes and behaviours, and more vigorous stimulating of debate and role-modelling of good practice are needed. The following case describes how Brian Wisdom, formerly Chief Executive at People First (PF), the sector skills agency for the UK travel, tourism and hospitality industries, has set out to improve diversity practice across these industries. These industries are set to become leading generators of future GDP for the UK. Brian here describes his attempts to stimulate a social movement across this complex sector to produce a more representative pool of talent for future senior management roles in the sector.

CASE STUDY
Breaking down barriers to equality in the travel, tourism and hospitality industries

At People First (PF) our remit is to close the skills gaps our industry suffers from by ensuring that the provision of training and qualifications for the industry is driven by demand rather than supply (which is often the case with management training too, especially in the public sector). In my early days at PF we researched something like 5,000 businesses in the hospitality sector to bring out what the industry needs actually were – and some really defining themes emerged about the common gap issues:

- First, *retention* – it's an industry that has very poor retention of people. It attracts young people but since the demographics are changing there'll be fewer young people so it's a high-cost–high-threat issue for the industry.
- Second, the industry suffers *skills deficits*, particularly in management skills, alongside customer service skills and some technical skills – for instance, chefs in particular are in short supply.

We then went into a lot more depth about where the issues might lie. The issue we struggled with most was the management and leadership one because with technical skills, it was easier to see where the issue lay – for instance, a decent set of qualifications is needed, but with management and leadership it was more difficult.

More recently we've been conducting a second wave of research about the labour market. We suddenly started to see a trend around our failure to retain women in the industry. At entry level about 72 per cent of entrants are women – (it's a very attractive industry to women at

entry level for all sorts of reasons), but when you get to middle management level this has dropped to 40 per cent; when you get to senior management level it drops to 20 per cent and when you get to board level it's only 6 per cent, which is just under half the national average for all industries.

So effectively about 70 per cent of the talent available to the industry is being lost – and this is an industry that is well known to be one where you can work your way up through the ranks to the top. And if you think about the skills women typically bring – particularly interpersonal skills – and our challenges around retention you start to think 'well maybe it's not around retention. Maybe it's just that we're not helping women feed into management positions and the reason we've not got enough of the right management and leadership is because of that failure.'

That's where we got to in a classic diagnosis way. But I guess also alongside that I've known for some time that there are other countries where there is more systematic support available – particularly in the United States where they have something called 'Women into Service' where they have training systems for women in business.

So a few years ago I sent a high-potential manager called Sharon Glancy who's Director of our Business Solutions Division to attend their Dallas convention and she came back inspired. She said, 'Look, we could do this'. So really from that inspiration Sharon went out and talked to a lot of our government contacts and managed to get £100,000 of seed funding. And we set out then on a journey to try to create the right sort of support mechanisms for women in our industry that will get it up the agenda in all kinds of businesses and help create the environment for confronting that journey where they tend to get wiped out.

The 'Women First' programme

We've kicked off this 'Women First' (WF) programme – it's in very early stages. It's about culture and how organizations organize themselves. We're setting up, for example, regional networks of women managers, which have been very successful. I got Cherie Blair to launch the programme. Of course this made it a very high-profile launch – the place was absolutely packed out.

We're setting up the regional networks on the one hand and we're also trying to create case studies of good examples of where women have broken through. We're finding it hard to find good case studies. We're going to have to look at what lies behind success stories in other industries with similar challenges. We want to understand better how construction, for instance, which has fewer women entrants, has proportionately more women getting through to senior positions, despite the operational roles being equally hard.

Further research and case studies

What we're trying to do through WF is to give women the confidence and the skills to navigate their way through and also to raise the awareness and support levels from companies. One issue is the broader culture within the hospitality sector – it's definitely a 'clubby culture' I think. At the moment we've gone out looking for case studies in our own industry that we can publicize in the trade media and national press. There are one or two companies that have

been pursuing this agenda and it's not surprising therefore that they feature in the Top Fifty Places that Women Want to Work.

Clearly we have specific challenges for the industry such as peculiar working hours. One of the problems is that a lot of the career routes are through operations – the working hours are just too hard for those who are having children or have family commitments. Unless the industry does something positive about that environment they will continue to struggle. I always remember in a previous company I had two area managers who were a job share. It had quite a bit of extra cost for us but those working patterns can work well.

We're working with a training company owned by the University of Hertfordshire to provide a cradle-to-grave training structure for women in this industry and showing what training and development routes are available. They also do quite a bit of employment work supporting women at work and in other places as well. We're aiming to put in some support infrastructure.

We're doing a number of things to raise awareness. For instance, we're looking to publish case studies and we're sponsoring an award to raise the profile of high-performing women in the industry. Ultimately we're trying to build up a head of steam where we get together a group of people and companies who want to make a difference and are prepared to talk with their colleagues in the industry about breaking down a culture that's not helpful.

This case illustrates the power of good diagnosis and insight derived from evidence. It also highlights the importance of ongoing dialogue and of building momentum for change by putting shape around what is happening so that new initiatives can emerge in a helpful way and feed into work in progress. As Brian comments, 'It's interesting that the journey is partly inspiration and insight; partly it's a gradual revelation of your concerns and partly it's about how that then turns into change, whether, for instance, you introduce new standards in recruitment practice'. This case illustrates how strong partnership between HR and executives and between HR professionals across a sector can reinforce the positive shifts and embed new approaches in other HR practices, such as via development and promotion guidance.

In a very real way Brian has been the driving force behind this cultural change initiative but he is also a commissioner of OD, in this case delivered by another senior manager and through sectoral networks. Once again, this change agenda is driven both to meet business needs and because this leader believes this is the right thing to do. Tackling such long-standing cultural and systemic issues may perhaps be beyond the capacity of any one organization to achieve but for Brian it is a personal leadership quest: 'Either way, you've got to be in it for the long haul and do what it takes to make a difference'.

HR exercising stewardship

To help build healthy organizations, HR needs to exercise a strong stewardship role, ensuring that their organization's practices are ethical and contributing to society. As Cooperrider and Srivastva (1998) point out: 'Contemporary society is not only profoundly shaped by organizations but also can be shaped for the better by them...

Organizations are increasingly stepping forward to wrestle with complex issues that affect not only their shareholders, employees, and customers but also the quality of life in the world's communities and cities, the world's ecosystems, and countries around the globe.'

Another stewardship issue involves grasping the nettle of adjusting reward systems to clearly show the connection between output (specific and measurable value-add to the owners of the business) and input (behaviour of the person). The performance management process must ensure that these links are transparent and obvious. Clearly articulating business outcomes, balancing these in a scorecard and ensuring rigorous assessment and feedback are core elements of any reward system. Similarly HR must be prepared to challenge promotion and other practices that favour exclusively financial results and ignore the means by which these were achieved. At the other end of the reward scale, HR has to lead the charge in ensuring that contingent and other workers on low pay are rewarded fairly.

A key issue highlighted by the near collapse of the banking system in 2008–9 was the poor performance of non-executive directors (NEDs). HR now needs to step into this space and set out the requirements for success. This means defining the capabilities required (linked to your organizational values) and rigorously assessing these both prior to director appointments and also as part of the appraisal of board effectiveness. Insist on independent profiling of executives and NEDs as part of this process.

But HR and OD are not alone in aiming to develop healthy and ethical practice. Line managers are the real change practitioners. Through their daily actions, what they pay attention to, sanction or reward, they are teaching people what is acceptable, good or not acceptable. At senior levels managers can have significant impact on their organization's system. At executive levels they can also impact on the broader external system, acting as ambassadors, contributing to policy, building influential external relationships and networks. When change leaders act with positive intent to promote healthy practice they can have a powerful effect.

Crafting a leadership development strategy

By developing more engaging management and leadership HR will make their organizations a talent magnet for skilled employees. Crafting a leadership development strategy involves making choices about where to focus:

- In making our talent management decisions how much should we put the business needs first above the individual context/requirement?

- How do we spot talent (given that people do not come wearing badges); should we grow our own?

- Should we favour internal versus external talent?

- Should we be aiming for the cadre development of the many versus the special high-potential few?

- What do we need to emphasize more – long-term/strategic thinking versus short-term operational excellence?

- And how do we ensure that we are operating to high standards with respect to equality and diversity when identifying and developing our leaders?

An effective management and leadership development strategy will focus not just on developing individual leaders but also on building shared leadership at all levels. The strategy will encompass HR teams developing the skills to coach managers and support them in creating genuine development opportunities. Using a blend of development methods is likely to ensure that learning is relevant and closes the 'knowing–doing gap' identified by Pfeffer and Sutton (1999). While training is still the most common form of management development, this is now largely online.

Leaders tend to find special projects, peer group discussions, benchmarking, mentors and personal coaches more effective for development, though new forms of group learning can make a difference. One long-established company facilitated a deep, personal change process among senior leaders in order to build an agile culture. More than 1,000 of these leaders were invited to learn a new, more agile approach to leadership through a four-day immersive programme that introduced them to the mindsets and capabilities needed to lead an agile organization. The programme focused on enabling leaders to shift from a limiting, reactive mindset to an enabling, creative one. It also started the journey of learning how to transform a traditional organization designed for command, control and value capture into an agile organization designed for innovation, collaboration and value creation.

Other useful methods include action learning, job shadowing and secondments, as well as off-the-job development such as networks and visits. Developing communities of leaders can be accelerated by the use of large-scale methodologies such as Future Search and scenario planning to enable strategic conversations and the creation of cross-organizational networks united by a common purpose.

It is important to assess impact after development to ensure that leaders are putting their learning into practice and are operating more effectively as a result. Increasingly HR directors advocate the setting of outcome targets, which reflect what should be expected of managers as a result of development, such as developing their own staff to their full potential and rewarding leadership excellence.

Conclusion

Developing leadership capability and improving leadership practice can be fraught with difficulty but is fundamentally worthwhile. The real trick is to build leadership systems that make it possible for leaders at all levels to give of their best and influence their colleagues in positive directions. Line managers are the primary practitioners of Organizational Development. Leaders hold the custodian role, safeguarding and improving organizational health and performance. HR needs to work closely with senior leaders, turning them into commissioners of OD who understand their role in improving the organization, are able to diagnose organizational health and who appreciate that an organization is a human system, not just a technical system.

HR needs to help leaders tackle the challenges of achieving sustainable success in today's challenging environment. To make sure their organizations stay relevant to their key stakeholders, leaders need to be able to interpret the data on the horizon, to form effective strategies and delineate organization performance outcomes. They also need to focus internally to make sure that the vision, mission and culture of the organization are aligned. And they need sufficient understanding of human dynamics to be able to inspire people to come along with them. In other words, leaders need to ensure that the organization's internal capability matches the strategic ambition. So HR must continuously push back the boundaries of development and expose leaders at all levels to new ways of thinking and behaving that increase their versatility.

Above all, HR can help build healthy and effective organizations by developing current and future leaders who take employee engagement seriously and who embrace approaches that are transformational, not just transactional. Real employee engagement will be based on mutual commitment, responsibility, obligations, needs, risks and benefits between organizations and employees, so HR must support leaders, managers and employees along the journey towards more agile, democratic and involving forms of leadership.

To be seen as credible suppliers of excellent leaders, HR leaders must themselves exercise leadership. HR functions must understand the business; operate as cohesive teams; deliver in impactful ways that create value and capability; look beyond their own boundaries and actively share learning. In particular they must demonstrate customer focus, resilience and the ability to change. HR leaders must act as role models for the changes they want to see. As the case examples in this chapter illustrate, when HR practitioners work within a systemic frame, demonstrate leadership and focus on developing the kinds of leadership capability required for tomorrow's success as well as today's, they can bring to their organizations real and lasting benefits.

POSTSCRIPT – TOWARDS A BETTER TOMORROW

In the few years since Mee-Yan and I wrote the first and second editions of this book a lot has changed, not least in the business environment. Since organizations are open systems, they are buffeted by global megatrends that set the context for organizational success. When we first wrote the book, the digital era was taking off in earnest. Now, thanks to globalization and advances in digitization even 'digital' is being replaced by 'mobile' as consumer tastes change. The pandemic in particular has acted as a game-changer for business success in a volatile marketplace. Seemingly overnight many organizations have adopted a hybrid way of working, which makes connection and communication key to building an effective community focused on the right things.

Within the HR community there is a broader recognition today that organizations must learn to adapt quickly, so it is important to bring an OD mindset to HR practice. We have noticed that many L&D practitioners in particular have developed their OD capability; for instance, many are holding stakeholder interviews, facilitating large-scale events, enabling strategic conversations at all levels. Increasingly learning interventions are being designed to help people gain self-awareness and new insights – using simulations with actors, technology and other means of producing the mindset and skill set shifts required if organizations and their members are to thrive in fast-changing contexts. Leadership and personal development is increasingly borrowing concepts from varied sources such as mindfulness, neuroscience and so on.

With respect to talent, changing workforce demographics and global shortages are forcing the agenda and new approaches to attracting talent are being rapidly developed. Data analytics are increasingly being used to predict future workforce trends and even pinpoint where potential recruits may be found. In many organizations HR and marketing are collaborating on the development of enticing employer brands and 'employee value propositions' in order to attract key talent. Social media is being used to target candidates and bring them 'on-board' before they have officially joined the organization.

Focus on people and…

What defines a great place to work will also be in constant flux as the nature of work, workers and demand continues to evolve. This is HR's traditional heartland and today's dynamic context presents an unprecedented opportunity for HR to make

a difference to their organization's health and sustainable success. Ironically in recent years HR's increasing focus on business has perhaps come at the expense of sufficient focus on employees. A CEO of a software company addressing an audience of HR professionals asked, 'Which of you believes that HR should be focused on ROI?' Almost the entire audience put their hands up. The CEO then said, 'That's a pity, because I need HR to focus on caring about people, firing all the "assholes", making my business the place where the best people want to be'. While his expression may be a bit extreme, he makes a good point. So perhaps we need to revisit what we believe our role to be about and gear our efforts accordingly.

The changing workforce mix, and in particular expectations of the 'connected' generations for immediacy of response, shared information and opportunities to contribute are driving a greater emphasis on employee voice. Social media is becoming a great leveller. In today's workplaces with their essentially 'volunteer' workforces, hierarchy is no longer a sufficient mechanism to drive transformational change. As labour markets become more fluid, people will only stay and give of their best if they feel that they are key stakeholders, are informed and involved in what is happening in their organizations.

Consequently HR must make efforts to understand what engages and disengages key parts of the workforce and put in place actions to improve engagement and commitment. Creating emotional commitment goes beyond the tangible elements of the employee 'deal' or psychological contract. While there is no 'one size fits all', people generally will want meaningful work, a shared purpose, flexibility over working arrangements; to feel valued, empowered and to have the chance to develop. HR needs to know how to tailor the 'employee value proposition' so that it is equitable and can also meet individuals' changing needs. Managing the employment relationship in a context of ongoing change will require HR to continuously seek to strike the right balance between employee and business interests and achieve beneficial outcomes for both.

So while today's typical HR 'people' agenda items – such as talent management, training line managers to be coaches, developing effective performance management systems – will remain very important, in future such activity will need to be part of a proactive and well-integrated approach to give the organization competitive advantage in attracting, engaging and retaining the talent it needs. This is the chance for HR to demonstrate agility, to anticipate the big people issues, do some workforce planning, apply agile methodology to recruitment processes, recruit people with flexible mindsets, work closely with line managers, help them to energize and develop their teams and prepare them for new ways of working.

HR should not only lead thinking but also implement with effect, figuring out how best to produce the largest benefits. Getting the transactional work done right – by applying business acumen, embracing technology, developing more mobile (and consistently accurate) HR services, increasing efficiency and effectiveness, building

capable, high-performing HR teams – is the foundation on which other contribu-
tions can be built. HR practitioners therefore need to think and act pragmatically
within a systemic OD understanding that enables them to weld together initiatives
to improve the organization's functioning and increase its capacity for future success.
For instance, HR can aid value creation by designing reward systems to encourage
innovation and team-based working. By simplifying HR processes and focusing on
talent and leadership HR can reinforce the employer brand and help create better
employee engagement.

In short, it's important to:

- Remember why you got into HR – it's not just about ROI, it's also about the
people.

- Foster a culture of employee engagement. Start from first principles – there is no
one 'right' way. What does good people practice look like in your organization?

- Find out what is most meaningful to employees in the work context. How do you
know what matters to people? Listen, hear and feel for the answers. Do cuts of
employee data by age, etc to really understand what motivates people. Exit inter-
views are another useful – if belated – source of such insight.

- Focus on employee well-being and developing inclusive policies and work practices.

- Make sure that what you are doing is right for your culture. Challenge and stamp
out unethical practice.

- Attend to key priority problem areas such as how to tackle employee turnover, or
how to improve productivity, or cut down sickness absence. Look at what promotes
disengagement. Get managers on board. Be clear what you are trying to achieve.

- In making the case for investment in people, understand what key stakeholders
need to know before they will support you. For instance, to gain support for
investing in improving employee engagement it may be worth estimating the cost
of uncontrolled turnover, or to improve recruitment practices calculate the cost of
a single bad recruitment (this usually works out at approximately 30 per cent of
first year salary). What is the investment of time and money you need to make?

- Manage expectations down when developing your employer brand, so that new
recruits will be pleasantly surprised when they join. Similarly current employees
will not feel short changed.

- Get the basics right. The 'keep it simple, stupid' (KISS) principle applies. Develop
simple policies, eg on home working; reduce unnecessary bureaucracy; improve
poor meeting practices or weak communications.

- Add value to basic processes. For instance, don't just design a good performance
management process but also pull out the real organizational data and insight
that can be acted on by executives.

Culture and climate

Looking ahead, I believe that alongside HR's traditional focus on the people aspects of enterprise, HR must also focus on improving organizational culture and climate and enabling cross-boundary linkages, knowledge sharing and learning. After all, many workplaces have become dehumanizing and pressurized environments. If people are to thrive and do their best work, they need healthy and effective organizational cultures in which they and their contribution are valued.

Organizational culture and people management practice are key reputational risks, with poor practice soon exposed to the public gaze via social media with damaging implications for business. With tighter regulation in some sectors and increased scrutiny in all sectors, transparency, authenticity and accountability must become basic tenets of company practice. So although HR's primary role is not to act as 'company police officer', HR has a responsibility to ensure that the company's employment (and business) practice is both legal and ethical, and that employees are treated fairly. HR can learn from OD about how to challenge potentially problematic practice and how to work with the informal sides of organization, stimulate constructive politics and build momentum for better ways of working.

Similarly, the need for business agility, speed and innovation is driving new forms of organization, governance, skill requirements and high-performance work practice. HR and OD can build the foundational elements of organizational agility and resilience on the base of the following principles:

- accelerate the pace of strategic renewal;
- focus intensely on the customer;
- innovate across boundaries;
- demonstrate values-based leadership;
- build a culture of purpose, empowerment, trust, meaning and accountability;
- select, motivate, develop and support people who have the requisite skills to flourish in ambiguous and uncertain environments.

With culture in mind OD brings a lot to HR. With its humanistic values OD enables real transformation that is built on trust. With its systemic perspective and process methodologies OD does not treat individual elements of organization in isolation from one another but rather works on the linkages between them. For instance, there is no point in simply doing more training if the underlying problem lies in the structure. This systemic approach helps ensure greater coherence and value from specific initiatives within and between elements.

By adopting an OD mindset HR will be able to contribute so much more than the sum of its parts; it will be capable of delivering a new form of organizational effectiveness. This means that HR practitioners must become very strategic in their thinking. They should proactively lead discussion about what needs to change, using everyday

language and making skilful use of workforce and other data to pinpoint issues, developing strategy working back from the desired impact on the end user or customer. They must help design the work processes and roles that enable greater agility, employee empowerment and engagement.

HR must also collaborate effectively with other functions to deliver strategic goals with impact. In many organizations the agendas of HR and employee communications functions increasingly overlap – areas of shared focus include leadership behaviour, change communication, purpose, employee engagement and participation, strategic change, building communities of practice. Each specialist group brings different and complementary expertise to the party and there is obvious need for collaboration and joint effort to ensure that initiatives can be successfully implemented and embedded into the new way of operating. Working in integrated teams with other change leaders is more likely to produce sustainable change.

In particular HR must give leaders the tools to make the 21st-century shift required of them. Top leaders need to pay attention to the bottom line, create an engaging workplace and ensure their organization interacts well with its environment and community. As the workforce becomes more empowered, the role of leaders becomes less about controlling and more about focusing on outcomes, creating the capability to seize emerging marketplace opportunities, encouraging experimentation and learning, and watching out for the long term as well as the short term. HR should support and challenge leaders, help them navigate the tensions, holding up a mirror to leaders and ensuring that their actions are aligned to values. These shifts do not occur overnight but require a concerted effort to align current practice to the new requirements and create a more integrated approach that helps people make sense of the emerging organization.

Moreover it is important to:

- Be intentional about culture – build trust by being open, transparent and grounded in the business and through everyday actions.
- Ask people how they would describe their current culture. What would they like it to be?
- Get a supportive environment in place at junior levels. Watch out for junior voices – empower them through, for example, upward feedback and appreciative inquiry.
- Release latent talent – value diversity.
- Encourage people to try things.

Building a change-able organization

Since organizations will need to keep on changing, they must learn how to do so in ways that avoid destroying employee goodwill and engagement. The current context

may mean that business models soon become obsolete; introducing new business models will have major implications for the way the organization operates and the kinds of people and skills it needs. HR can help develop the capabilities required for change-ability. In a change-able culture people at all levels are forward looking and proactive. They anticipate the big business trends and take short-term decisions with the longer term in mind and feedback loops work. There is speedy decision making and action; flexibility of structure and mindset; continuous improvement is the norm; risk is balanced with innovation; cost with investment.

Agile organizations focus intensely on both the customer and also on employees. People know why change is needed and are involved in designing and implementing solutions. Therefore change leaders must ensure that employee voice mechanisms work and that change initiatives are co-created and owned by those who must implement them. By being involved in the strategic conversation and the planning process employees get to understand the bigger picture, understand *why* change is needed and have the chance to share their thinking about the *how*, if not the *what* of change. As a result they will feel greater 'ownership' of the change agenda and gain greater meaning from their work. As people start to change their behaviour HR's 'levers' such as employee development and reward can help to embed new behaviours.

When well implemented, change offers the potential for positive new ways forward for all concerned. In profound change, the organization does not just do something new; it builds its capacity for doing things in a new way – indeed, it builds its capacity for ongoing change (Senge, 1999). By focusing on change, culture and leadership HR can help organizations become more agile and equip them for sustainable success in a fast-changing context. Recognizing that change is a journey – it never stops and success can take time – remember to celebrate breakthroughs as they are achieved.

Act now for a better future

l am personally very excited by the direction of travel for HR. This period presents an outstanding opportunity to help build the capabilities required for sustainable success. As change leaders in the pandemic, OD and HR practitioners have proved to be agile and capable of bringing about major transformations alongside business as usual. Looking forward, HR should use the 'circuit break' of the pandemic to reflect and develop new ways of working that will equip their organizations for future success. To achieve this, HR must work within a strategic frame, understand and influence the dynamics in play, develop and apply insight, skill and courage to where they can make the greatest difference. The task is to shape, influence and challenge people and context to produce 'better' practice. Both OD and HR practitioners must work on individual change initiatives with the longer term in mind, act as role models, using self as the most effective instrument of strategic change. It's about recognizing that (to paraphrase Gandhi) you can be the change you want to see in the world.

Fuelled by the energy that derives from humanistic values, HR and OD can demonstrate that a new form of organizational effectiveness is both desirable and achievable. Working together HR and OD can build win–win employment relation-ships and mutually beneficial change outcomes for both the organization and its employees. Working together HR and OD can build change-able and sustainable organizations that are capable of achieving more than short-term competitive advan-tage alone. Because this is about redefining what organizational 'success' means, as David Cooperrider points out (1998: 4):

> The best path to the good society is the construction of great organizations that nurture and magnify the best in human beings.

A prize worth going for and today's organizations and their stakeholders deserve no less!

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