

BEITLER

on

*ORGANIZATIONAL
CHANGE
INTERVENTIONS*

A **Practitioner's** Guide
for
Change Leaders and Consultants

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BEITLER on OC INTERVENTIONS:

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Chapter 1

Strategy-Driven Change

Many of my e-newsletter (www.mikebeitler.com) readers have asked me to write an overview of the organizational change interventions that are available. So, in this e-book, I will cover a wide range of organizational change interventions. Don't try to memorize them; think of this e-book as a reference guide.

I will assume throughout this e-book that you have already completed the critical steps of data gathering and diagnosis. You must be able to clearly define your organization's problems (or opportunities) before you can successfully implement these interventions.

If you have not conducted the data gathering and diagnosis steps, I suggest that you read *Strategic Organizational Change* (Beitler, 2003), where I outline these critical steps with easy-to-follow checklists and advice.

Consultant/Facilitator Viewpoint

While it is possible to take two different viewpoints when studying organizational change (OC) interventions, consultant/facilitator versus manager/leader, I have decided to consistently use the consultant/facilitator viewpoint in this e-

book.

The consultant (either internal or independent) has the responsibility of facilitating (guiding) the organizational members' efforts throughout the change process (from data gathering and diagnosis to implementation and evaluation).

While the consultant serves as "process" facilitator and coach, management must lead the change and make the final "content" decisions.

My Own History with Change Efforts

I started my career with an international management consulting firm. As a CPA, I was initially assigned to auditing and accounting engagements. While I clearly saw the importance of this work, I did not find it to be very fulfilling. I didn't feel that I was making an impact on the organization's future effectiveness.

Eventually, I had the opportunity to work in the firm's MAS (management advisory services) practice with a variety of clients of different sizes in different industries. I found this "big picture" work to be much more interesting. Developing strategic plans and reorganizing the structures of entire organizations were quite exciting.

Eventually, however, I began to question the effectiveness of these grandiose plans and restructurings. Was anything really changing? Clearly, there was little change in the financial statements. In many cases, the financial statements actually looked worse.

After several years of practicing the MAS approach at the management consulting firm, I spent ten years as a senior vice president in banking. As an "insider," I found implementing change to be equally frustrating.

Then after my banking career, I became involved in change consulting from both the organizational learning (OL) and organization development (OD) approaches. OL consultants focused on developing learning programs to enhance the learning of individual employees and groups. With the OL focus on individuals and groups, it was often difficult to see how the organization benefited.

The OD practitioners focused on group process interventions (conflict management, group decision making, etc.). These interventions appeared to have only short-term effects to me (and to the senior managers who paid the bills).

Finally, after many years of frustration as both consultant/facilitator and manager/leader of change efforts, I

developed a systematic strategy-driven approach to planning and implementing organizational change. Let me briefly discuss this approach.

The Strategy-Driven Approach

The strategy-driven approach I developed for organizational change assumes that every organization is more effective when "all the horses are pulling in the same direction." Team building, conflict resolution, or restructuring interventions are doomed to failure until all the organizational members are aware of the organization's mission, and its strategy to fulfill that mission.

The first step for the OC consultant and change leaders is to be sure the organization has a well-crafted strategic plan that clearly communicates how senior management intends to fulfill the organization's mission. Frequently, the organization has a vague mission and/or an unrealistic strategic plan. In these cases, the OC consultant should recommend a strategic planning session with the senior management team. (More about strategic interventions in Chapter 2.)

Once assured the organization has a well-crafted, well-communicated strategic plan, the OC consultant or change leader

must determine if the current organizational structure, culture, and human processes will support the strategy. Invariably, attempts to implement even the best-crafted strategy will fail if the organization's structure, culture, and human processes are not supportive.

Assuming the organization's structure, culture, and human processes are supportive of the strategic plan, it is then possible to make changes in the other three target areas.

It might be easier to visualize the relationship between the four targets for change in the following model:

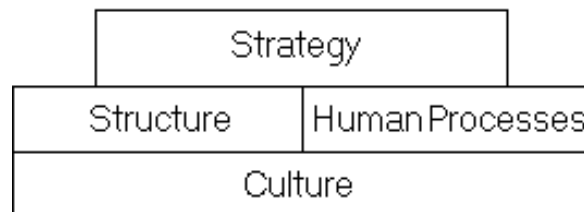


FIGURE 1.1 "Targets for Change"

Source: Beitler (2003, p.8)

We will discuss structural changes in Chapter 3. It is possible to make structural changes at three levels in the organization: the entire organization level, the subsystem

(department, group, or team) level, and the individual job or role level.

Chapter 4 will be devoted to changing organizational culture. I have put culture on the bottom of my model because organizational culture is a powerful and pervasive force in any organization. Many organizational problems are "rooted" in culture. I will discuss the different interventions for organizational culture, both direct and indirect, in a step-by-step manner.

Chapter 5 will cover human process interventions. There are literally countless human process interventions available for OC consultants and change leaders. Human process interventions include the following types of interventions:

- Team Building
- Conflict Management
- Decision Making/Problem Solving
- Communication
- Organizational Learning
- Knowledge Management
- Leadership Development

We cannot possibly cover all of these in this e-book. In Chapter 5 we will focus on team building and conflict management interventions. (For more discussion on human process interventions, take a look at some of the books on my website's Recommended Reading page.)

The proper alignment of the four organizational aspects (strategy, structure, culture, and human processes) cannot be over emphasized.

Let's move on to discuss strategic interventions. See you in Chapter 2!

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Chapter 2

Strategic Planning Interventions

The most important target for change is the strategic plan at the organizational level. The strategic plan at the organizational level should affect everything that happens in the organization. Attempting to change the organization's structure, culture, or human processes without aligning them to a well-crafted strategic plan will be frustrating (and, ultimately, fruitless).

I strongly agree with Paul Buller (1988), who has recommended a blending of OC practices with strategic management. A strategy-driven approach to OC should be adopted by all practitioners.

Practice Log 2.1 - What's the Plan?

Late one morning my office phone rang, just as I was going out the door for an early lunch date. I hesitated. Then I thought, "I better answer that."

The gentleman on the other end of the line said, "Dr. Beitler, I understand that you do team building work for your clients."

"Yes," I responded and proceeded to tell him about some of the team building work I had done for other clients. (How I used different interventions in different situations.)

"Great!" he said with a sigh of relief. "Can you start right away?" he continued, "Our teams are out of control. They spend more time arguing and disagreeing over what needs to be done than they do actually working."

Realizing he was quite serious, I walked back around my desk and sat down. I decided to do some preliminary data gathering. I knew a little bit about the company. It was a profitable local organization with a fine reputation. I had assumed it was profitable and well managed.

My potential client went on to tell me about what was going on in the industry, how his company was losing market share to the competition, and how costs of production were rising dramatically.

While I found his comments to be interesting and informative, I was a bit confused about his original concern over teams. I interrupted by asking, "So, why did you switch to teams?"

Without hesitation, he said, "That's what the Japanese do," as if that should be obvious.

Since I found his "Japanese do it" argument for an American company's switching to a teamwork structure unconvincing, I suggested a meeting with his company's senior managers for some further analysis. We agreed on a date.

Then, I asked him to send me the organization's strategic plan and a few other company documents so that I could prepare for the meeting. He hesitated for a moment and said, "We don't have a written strategic plan. You probably don't understand that things change rapidly in our industry." Then with a snicker, he added, "A strategic plan would only apply for a few days around here."

I was beginning to see the problem, or at least a *problem*. The company was a ship without a rudder! We ended the phone call, and I ran out the door. (Incidentally, my lunch date forgave me for being late.)

Roles of Senior Management & the OC Consultant

Senior management must take the responsibility for a well-crafted strategic plan. While I am supportive of the new innovative ways of increasing employee involvement in the strategic planning process, the ultimate responsibility clearly belongs to senior management! There is no substitute for this leadership

responsibility.

The role of the OC consultant in this process is that of facilitator. The OC consultant helps the company to strategically position itself in its competitive environment. This process requires an external analysis of the environmental opportunities and threats, as well as an internal analysis of the company's strengths and weaknesses. I believe the OC consultant should have some basic business knowledge (not necessarily an MBA) to work effectively in this area.

Looking for "Misfits"

Human resource (HR) professionals talk about the importance of "fit"; typically referring to "fitting" the person to the job. It's a basic concept, but very important. If the KSAs (knowledge, skills, and attitudes) of the worker/manager do not fit the KSAs of the job, effectiveness will suffer.

This concept of fit is also crucial in the organization's strategic planning process. The individuals must fit the team/group. The team/group must fit the larger subsystem. The subsystem must fit the organization. The organization itself must fit its larger environment.

At the entire organization level, senior management is

responsible for analyzing the organization's fit with its environment. Subsequent strategic plans and goals set by managers at lower levels must fit their larger subsystem. Clearly, managers at lower levels of the organization cannot effectively do strategic planning and goal setting until senior management fulfills its responsibility at the entire organizational level.

Getting Started - The Mission Statement

Every organization needs a mission statement. The mission statement defines who we are, what we do, and who our customers are. Every member of the organization needs to know the purpose of the organization. The mission statement provides a shared vision for the members.

Once the mission statement is clear, a strategic plan must be crafted to fulfill the organization's mission. I will share several interventions in this chapter that OC consultants can use to facilitate this process.

Strategic Planning - SWOT Analysis

An organization is an open system. While an organization (or system) is made up of many subsystems, it is important to

remember that the organization (or system) is dependent upon its larger, external environment. An organization's environment includes its customers, suppliers, stockholders (owners), competitors, government regulators, the media, the community, and other stakeholders. The organization (system) is "open" in the sense that it is constantly interacting with, and influenced by, its environment.

These environmental influences require a thorough analysis. Most of the interventions shared in this chapter involve some form of a SWOT analysis. SWOT is an acronym for strengths, weaknesses, opportunities, and threats. The strategic plan must consider the strengths and weaknesses of the organization (internal analysis) and the opportunities and threats in the environment (external analysis).

Since the organization is dependent upon its environment for survival, it is essential to do the external analysis ("O" and "T") first; then conduct an internal analysis ("S" and "W") to plan a proper response to that environment.

Sustainable Competitive Advantage

The SWOT analysis must result in a clear, sustainable competitive advantage for the profit-oriented business organization. Even

the not-for-profit charitable organization must serve a unique purpose in its environment, if it hopes to maintain a steady revenue stream.

The sustainable competitive advantage should leverage the organization's core competencies. Core competencies are what the organization can do better than the competition (better customer service, shorter delivery times, faster new product development, and higher quality, for example). The organization's unique core competencies should become the foundation of the strategic plan. The core competencies should be allocated the lion's share of resources for even greater development.

Organizational change consultants working as facilitators in the strategic planning process should familiarize themselves with the work of Michael Porter and others who address the issues involved in crafting and implementing an effective strategic plan (Porter, 1980, 1985).

Strategic Planning at Different Levels

The strategic planning/goal setting process should occur at every level of the organization. Each level (system) should have a strategic plan/goals that fit the strategic plan/goals of its larger subsystem. Every organizational unit (including

individuals) should conduct a SWOT analysis.

Traditional Approaches to Strategic Planning

There are several traditional approaches, as well as some non-traditional approaches, currently being used as strategic planning interventions. Additionally, there are several ways of analyzing merger and acquisition (M&A) possibilities, and several transorganizational development (TD or TOD) interventions for analyzing joint ventures, strategic alliances, and other strategic possibilities. OC practitioners should be familiar with these approaches, methods, and tools. We will look first at some traditional approaches, then take a brief look at the non-traditional approaches, and conclude by reviewing the strategic planning process I have used in practice.

Charles Summer's Approach

Charles Summer's (1980) approach is simple but not quick.

Summer's approach is based on four questions:

1. What is our present strategy?
2. What are our opportunities and threats?
3. What are our strengths and weaknesses?

4. What future strategies and/or tactics will avoid the threats and maximize our opportunities?

Summer believes senior management should ponder these four questions for up to a year, with monthly or bi-monthly meetings.

Thomas Rogers' Approach

Thomas Rogers' (1981) approach involves two-day meetings with senior management. Rogers begins with warm up questions that stimulate long-term thinking. Then the answer to the question, "What business are we in?" is worked into a mission statement.

Once the mission statement is agreed upon and clear, Rogers has the senior managers analyze the "domains" (stakeholders) who are influential in the organization's environment. The four domains or stakeholders, according to Rogers, are customers, suppliers, competitors, and regulators. The analysis of these domains or stakeholders involves the following steps:

1. Identify the various "domains" (stakeholders).
2. Identify the current demands of each.
3. Identify the current responses.
4. Predict future demands.
5. Identify desired future responses.

As the managers move back and forth between present and future, the need for change becomes a shared focus.

Beckhard and Harris' Approach

Beckhard and Harris (1987) offer a multi-step strategic planning process for organizations going through change. Senior managers are encouraged to consider multiple demands and multiple resources as they work through the following steps:

1. Determine the core mission of the organization.
2. Describe current demands.
3. Describe current responses.
4. Describe future demands with current responses.
5. Describe desired future.
6. Analyze discrepancies between #4 and #5.
7. Develop alternative responses.
8. Analyze feasibility, costs, and unintended consequences.

David Hanna's Approach

David Hanna's (1988) approach analyzes five key factors in the organization's performance (results). Hanna recommends an "outside-in" approach that begins with environmental scanning. He believes in developing an open organizational design that is

responsive to the larger external environment.

Hanna's approach focuses on the following key variables:

1. business situation - the organization's current environment
2. business results - current outputs and profitability
3. business strategy - alignment of mission, goals, and values
4. design elements - structure, design, and information flow
5. organizational culture - supportive or counterproductive?

Hanna believes it is important to determine the organization's core tasks and processes in light of the demands and expectations of external stakeholders.

The Search Conference

The Search Conference has been a popular intervention in England, continental Europe, and Australia. Emery and Purser (1996) describe the Search Conference as a retreat-like, off-site event lasting for two and a half days.

The Search Conference involves three phases:

1. Environmental Appreciation - this looks at trends in the environment, as well as desirable and probable futures
2. System Analysis - this examines the system's historical roots, current features, and its desirable future

3. System Responses to Environment - this determines how to avoid threats and develops strategies and action plans.

Weisbord's Future Search Conference

The Future Search Conference, popular with American consultants, shares similarities with the European Search Conference.

Weisbord (1987) describes this approach in his book, *Productive Workplaces*.

The OC consultant begins by conducting an initial meeting with four to six of the senior managers of the client organization. At this meeting, dates, location, and participant choices for a larger off-site meeting are determined.

At the off-site meeting location, the OC consultant must create the right climate. In this retreat-like setting, the casually dressed participants sit at round tables for six. Each table of participants (cross-functional group) is given an easel, flipchart, marking pens, and masking tape to record all ideas.

Each table of participants then follows these steps:

1. Analyze the internal and external forces

External forces - reflected in current books and articles

Internal forces - reflected in lists of "prouds" and "sorries"

2. Trace the roots of current trends

3. Draft a preferred future scenario
4. Report to the entire group
5. Discuss with entire group
6. Determine action steps in functional groups (as opposed to the earlier cross-functional groups)
7. Develop action plan with entire group

Beckhard's Confrontation Meeting

Richard Beckhard (1967) describes his Confrontation Meeting as a one-day meeting with the entire management. Beckhard believes his approach is appropriate when there is limited time, high levels of management commitment, and a need for major change.

The steps in the Confrontation Meeting are:

1. Climate setting by the top manager, who states goals of the meeting and invites open discussion (Note: I recommend coaching from the OC consultant, before the meeting.)
2. Cross-functional groups gather responses from individuals about the needs, goals, obstacles of both individuals and the organization.
3. "Reporters" from each group report findings from each group on flipchart paper taped to the wall.
4. Reported items are categorized by the meeting leader into

themes (e.g., communication, decision-making).

5. Functional groups prepare priority lists for senior management.
6. Everyone is dismissed except for the senior management team.
7. Top managers develop an action plan.

Non-Traditional Approaches

The newer, non-traditional approaches to strategic planning are more "open" to participation from members at all levels of the organization. Some of the steps in Beckhard's Confrontation Meeting are offensive to the advocates of the more "equalitarian" approaches to strategic planning. While I agree that inviting participation from many organizational members is beneficial for several reasons, don't forget the ultimate responsibility for the strategic plan is the job of senior management.

Let's look at two of the popular, non-traditional strategic planning approaches: Real-Time Strategic Planning and the Open-Systems Meeting.

Real-Time Strategic Change

Robert Jacobs' (1994) Real Time Strategic Change approach is also

known as an "Open Systems Method" of strategic planning. Jacobs' approach involves a three-day event including all organizational members (or at least a critical mass). The three-day meeting has the following underlying assumptions:

1. The organization needs a new strategic direction based on internal and external drivers,
2. the leadership team has drafted a plan for consideration,
3. open feedback about the strategy is invited from all,
4. the proposed plan will be revised.

The large group (perhaps hundreds of participants) follows six steps:

1. Identify the major issues facing the organization.
2. Agree on overall purpose for the change.
3. Decide who needs to be involved in the change.
4. Determine what influence the people involved should have.
5. Clarify what information is needed to make decisions.
6. Provide support for people making decisions.

In Jacob's approach, most participation takes place in small groups known as "max-mix groups" (designed for maximum diversity of function and level). On the final day, participants self-

select themselves on to action planning teams.

Organizational change consultants may have to work in teams themselves if they hope to successfully facilitate this large-group intervention. Jacobs (1994, p.247) reports on one 2,200-member event (at Ford's Dearborn, Michigan assembly plant) where thirteen OC consultants served as facilitators.

The Open Space Meeting

The Open Space approach is largely known for its lack of formal structure. Open-space methods restructure, at least temporarily, the entire organization. This temporary organization involves self-organized participants drawn together by topics or interests. Organizational members go wherever they like and participate in whatever topics they find interesting.

The first step in the Open Space Meeting is to create the conditions for self-organizing work groups. The OC consultant, or a well-coached manager, sets the stage by announcing the theme of the conference. Then he/she explains that small groups will convene to address any topic they deem as critical to the theme of the conference.

The facilitator describes the two distinctive sets of Open Space Meeting norms: The Law of Two Feet and The Four Principles.

The Law of Two Feet--you guessed it--allows participants to go to meetings and discussions where they are interested and or able to contribute. They can leave when they are no longer interested.

The second set of norms is known as the Four Principles:

1. Whoever attends is the right people.
2. Whenever it starts is the right time.
3. When it is over, it's over.
4. Whatever happens is the only outcome that could happen.

The second step in the Open Space Meeting involves creating the agenda. This step entails asking participants to describe a topic related to the conference theme that they are interested in discussing. The topic is written and placed on the community bulletin board to announce the topic, place, and time for discussion. Both sets of the Open Space Meeting norms apply to all of these meetings.

The final step involves collecting and disseminating the ideas and concerns from each meeting. The conveners of each meeting are responsible for producing a one-page meeting summary, and then posting it on a second bulletin board known as "the newsroom." Participants are encouraged to visit the newsroom

often. (The newsroom's placement is typically near the refreshments and snacks.)

From this point, there are divergent approaches, including:

1. The strategic plan "crafters" are determined, or
2. the open-space meeting attendees develop strategic plans in groups, or
3. data from the sessions is turned over to senior management for strategic plan crafting (a more traditional approach).

While I appreciate the noble intentions (equalitarianism and full participation) of the non-traditional approaches, I believe these methods are costly, time-consuming, and generally ineffective.

Full participation is possible within the traditional approaches by simply including everybody in the data gathering phase (step one in the Action Research Model). Most employees understand that strategic planning is the responsibility of senior management. Typically, employees are satisfied with the opportunity to voice their opinions (in the data gathering phase), and to receive enough information about the plan to understand its purpose and rationale (clear communication from senior management). The non-traditional approaches appear to be

an over-reaction to the closed-door, secret planning sessions of elitist management teams.

The Beitler Approach

The Beitler Approach to facilitating senior management strategic planning includes the steps I have found to be effective in my own practice.

1. Review the Current Mission Statement

Each member of the senior management team should share his/her vision for the organization. It is especially important for the CEO to share his/her vision last.

Once everybody has shared, an agreed-upon vision in the form of a mission statement should be written on flipchart paper and taped to the wall. This process can be quite time consuming, but it is extremely valuable for guiding subsequent discussions. The mission statement should clearly define the purpose (and customers) of the organization.

2. SWOT Analysis

This step, like step one, is very time consuming. A SWOT analysis is a lot of work. The OC consultant must work hard to keep everybody involved in an atmosphere of high energy and bold debate.

The first half of SWOT analysis is the OT (opportunities and threats). The discussion should begin with current threats and current responses, and then move to future threats with current responses. Future problems with current responses should be thoroughly discussed. (Throughout the entire strategic planning process, input should be captured on flipchart paper and taped to the wall.)

Once threats have been analyzed, it is time to discuss opportunities. The same pattern can be followed. Start with current opportunities and current responses, and then move to future opportunities with current responses. Any possible missed opportunities should be discussed.

Lastly, the external analysis (O and T) should include the identification of all external stakeholders and their stakes. Any threats? How should the company respond? Any opportunities? How should the company respond? External stakeholders include customers, suppliers, regulators, and other possible groups.

The second half of the SWOT analysis is the SW (strengths and weaknesses). The strengths and weaknesses of the organization should be discussed openly and honestly. Then the internal stakeholders and their stakes should be considered. Internal stakeholders include owner/stockholders, employees, management, and other possible internal groups. The interests of internal stakeholders often conflict (e.g., large bonuses vs. large dividends).

3. Brainstorming Alternatives

Here the OC consultant must stimulate some right-brain creative thinking. The more alternatives the better. The goal is to maximize strengths and opportunities and to minimize weaknesses and threats. The consultant must be prepared to stimulate thinking "outside the box."

4. Feasibility and Consequences

It is important not to take a short cut here. This is not the place to save time. Each alternative strategy should be analyzed (left brain thinking) based on several criteria (cost, customer appeal, ease of implementation, and other considerations).

5. Choice of a Strategy

This is relatively easy if the first four steps are conducted properly.

6. Analysis of Organizational Support

Organizational support is essential for the successful implementation of a strategic plan. Do the current structure, culture, and processes offer support for the chosen strategy? If not, can the new strategy be implemented without changing other aspects of the organization?

7. Writing the Strategic Plan

The strategic plan itself should clearly describe how each functional area of the organization will contribute to the organization's success.

8. Development of Tactics

Tactics involve the steps that must be taken to execute the strategic plan. As in military operations, corporate strategy requires carefully planned tactical moves.

9. Assignment of Responsibility

In this step, the OC consultant should insist on assigning names to each responsibility. Everybody in the corporate world is so busy that he/she can only focus energy on what he/she is personally responsible for.

10. Communication and Follow-Up

The best crafted strategic plan will fail if it is not properly communicated. We can't follow a leader if we don't know where the leader is going. Finally, schedule follow-up meetings to check on progress. Discuss timetables; they are essential!

Frequently, discussion of one step makes the need to revisit an earlier step obvious. Encourage your client members to rethink those previous steps. Successful strategic planning is not characterized by speed. It is foolish to move fast when you are lost. Strategic planning involves determining the destination and best way to get there.

Mergers & Acquisitions (M&A)

Mergers and acquisitions (M&A) is a topic that should not be ignored by OC consultants. M&A is a growth strategy for many

organizations. Responding to competitors (an external, environmental factor in the SWOT analysis) may call for an M&A strategy. Many companies have built empires using this strategy.

Mergers (the combination of equals) and acquisitions (the purchase of one company by another) produce enormous stress on the members of each organization. Galpin and Robinson (1997) have called M&As the "ultimate change management challenge."

M&A plans are frequently criticized as plans to make the rich richer. No doubt, some of those criticisms are true, but M&As do serve some legitimate purposes, including:

1. operational efficiencies
2. expanded product and service lines
3. access to global markets
4. shared R&D facilities

Despite their widespread use, numerous M&A deals have shown disappointing results. The reasons for M&A failure include paying too much, lack of due diligence, unrealistic expectations, conflicting corporate cultures, and poor strategic planning. Clearly, some of these reasons for failure can be avoided with the help of OC consultants.

M&A should involve three distinct phases: candidate

analysis, legal/financial review, and post-transaction analysis. The candidate analysis phase should involve a variety of experts. OC consultants should be busy analyzing each organization's strategy, structure, culture, and processes. Other functional experts (financial, marketing, production, logistics, IT) should prepare reports on their areas of expertise.

The legal/financial phase must be handled by the lawyers, CPAs, and financial analysts who specialize in M&A. This is typically not an area of practice for most OC consultants.

The post-transaction phase is critical for M&A success. Ashkenas, DeMonaco, and Francis' (1998) work suggests making as many changes as possible in the first one hundred days after the completion of the deal. Clear and timely communication during this phase is also important to reduce uncertainty and anxiety for all stakeholders (stockholders, customers, employees, suppliers, and regulators).

Transorganizational Development (TD)

A final topic in strategic planning for OC consultants to consider is Transorganizational Development (TD). TD has become an important topic because of all of the possible intercompany

relationships used to serve customers and to establish competitive advantage. These intercompany relationships include alliances, joint ventures, and licensing agreements, among others.

These intercompany relationships are something less than mergers or acquisitions, but more than one-time transactions. These Transorganizational Systems (TSs) involve two or more independent companies working together for a common purpose. The TS may be temporary or permanent.

Transorganizational systems take a variety of forms. A TS may involve two competitors working together. One dramatic example was the joint venture between General Motors and Toyota to build cars together in Fremont, California. The TS had its own name (New United Motor Manufacturing, Inc.), its own strategy, its own structure, its own culture, and its own processes.

Other examples of TSs include research and development (R&D) consortia in various industries, such as semiconductors and pharmaceuticals. TSs frequently involve some form of vertical integration, such as agreements between manufacturers and suppliers, or between manufacturers and distributors.

International TSs are especially challenging because of

differences in national culture, in addition to differences in organizational culture. But for practical purposes, it is nearly impossible for American and European companies to succeed in some markets (e.g., South American countries) without a local partner.

While TSs are not new, they still tend to be "underorganized." OC consultants may have to serve as advocates to develop the TS with the same principles and methods used in independent organizations. The TS needs leadership to provide vision, strategy, and structure, if the jointly owned organization is to succeed.

The role of the OC consultant in TD interventions is especially important. The OC consultant must possess well-developed political and networking skills to be effective.

Structure, Culture, Human Processes

Only after the OC consultant is convinced the company has a well-crafted, well-communicated strategic plan should he/she consider changes in the organization's structure, culture, or human processes.

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Chapter 3

Structural Interventions

Structural interventions, like strategic planning interventions, target different levels in the organization. We will look at structural interventions to enhance the effectiveness of individual jobs, group/teams, and entire organizations. Let's start with the big picture--the entire organization.

I. The Entire Organization's Structure

Structuring the entire organization involves allocating responsibility and authority to the appropriate individuals or units in the organization. The goal of structural designing at this level is to support the company's strategic plan. An inappropriate organizational structure could make successful implementation of the strategic plan difficult, if not impossible.

When discussing structural design issues at any level of the organization, we have to return to the concept of "fit." The organizational structure must fit its environment, strategy,

company size, and task (manufacturing, retailing, distributing). Additionally, the organizational structure must support and encourage the desired organizational culture (the subject of the next chapter).

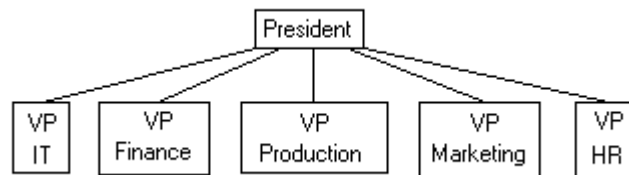
Types of Organizational Structures

There are basically five possible structures at the entire organization level:

1. function-based
2. product/service-based
3. process-based
4. matrix-based
5. network-based

Function-Based Organizational Structures

The function-based organizational structure, the traditional structure, is arranged according to the functional areas of the particular organization: production, marketing, finance, IT, and HR. The function-based organizational structure typically looks like the following:

Figure 3.1 Function-Based Organizational Structures

The function-based organizational structure has several advantages. Foremost, the structure promotes specialization and career development within that specialty. The functional area, typically a department, is headed by a specialist in the field. Individuals working in the department (function) have the career development opportunity of working with other specialists in their field.

The function-based structure also has some disadvantages. The most damaging disadvantage is the creation of a "silo-effect." With each department focused on its particular function, communication and cooperation between departments tend to decrease over time. Each department works within its silo, concerned only with its particular function. Cross-functional issues and accountability for overall outcomes tend to "fall through the cracks" between the departments.

The function-based structure is appropriate in certain situations. Companies operating in stable environments where the goal is the high speed production of an unchanging product could benefit from a function-based organizational structure.

Product/Service-Based Organizational Structures

Product/service-based organizational structures are organized around the particular company products, services, customers, or geography. Some form of product/service-based structure is used by all of the multinational conglomerates. Special-purpose subsystems can then specialize in a product, service, customer (e.g., government contracts), or a particular geographic area.

A product/service-based organization structure might look like the following figure:

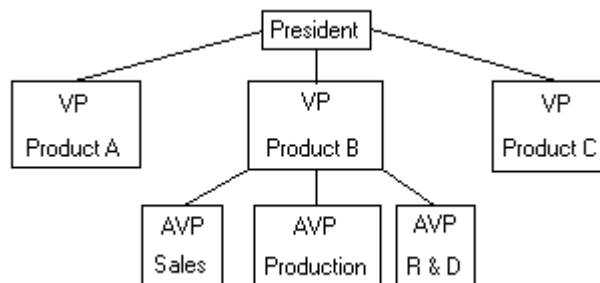


Figure 3.2 Product/Service-Based Organizational Structures

The advantages of the product/service-based organizational structure include cross-functional support for each product/service line, and better overall accountability for success. This structure is particularly helpful for companies with diverse customers with widely differing needs.

The disadvantages of this structure include the duplication of some efforts, such as multiple sales teams (one for each product). This duplication can lead to inefficiencies in the use of knowledge, skills, and resources. This duplication can be disastrous in industries with low profit margins.

Process-Based Organizational Structures

Process-based organizational structures form cross-functional teams around company processes, such as customer support, new product development, or order processing. Process-based structures emphasize lateral relationships (Galbraith & Lawler, 1993). The process teams typically are supported by a few staff support departments (e.g., finance or HR). The other functions (e.g., purchasing) are handled by the process team.

The advantages of process-based structures include the elimination of several layers of hierarchy and the elimination of many functional boundaries. Several companies report success

with these "boundaryless" organizations in enhancing customer service and satisfaction. Frequently, process teams are designed based on customer expectation surveys or market research.

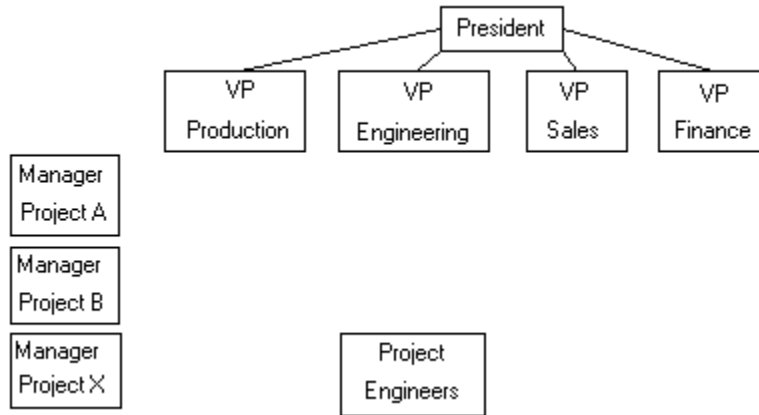
Both the process-based and the product-based structures have the disadvantages of duplicating efforts and the inefficient consumption of scarce resources. Switching to process-based structures also requires a radical shift in thinking about managerial and worker roles and responsibility. Creating cultural support for process-based structures is time consuming, and difficult.

Matrix-Based Organizational Structures

Matrix-based organizational structures are attempts to combine the advantages of the functional structure (emphasizing the vertical) and the product/service structure (emphasizing the horizontal). Matrix structures are complex and sometimes confusing for workers. Workers in these structures have two bosses: one product/project supervisor and one functional supervisor. For example, an engineer may be reporting to a functional supervisor (VP for Engineering) and simultaneously be accountable to a project manager (Director of Project X for the State Government). The following figure depicts a possible

matrix structure:

Figure 3.3 Matrix-Based Organizational Structures



There are multiple advantages for matrix structures. Foremost, this structure makes specialized, functional knowledge and skills available to all projects. Matrix structures also promote the flexible use of organizational talent. Organizational members expect to be uprooted and moved to other project teams on a regular basis.

Disadvantages include balancing power between functional and project supervisors. Unfortunately, unethical managers with well-developed political skills frequently take advantage of these structures. There is also the potential disadvantage of unclear role expectations. Unclear role expectations cause

considerable anxiety for workers, ultimately reducing productivity.

While matrix organizational structures have several potential problems, they are becoming quite popular. Matrix structures are now used in manufacturing, service, and professional organizations. These structures can increase organizational effectiveness by allowing for the sharing of valuable organizational talent and resources.

Network-Based Organizational Structures

The final form of organizational structure is the network-based structure. Chisolm (1998) describes four types of networks:

1. Internal Market Network - Within a single organization, independent profit centers buy and sell products and services to each other (internal customers), as well as to external customers.
2. Vertical Market Network - Multiple organizations work together to move products from raw materials to finished products, or sales, or through after-sales customer service. Each organization focuses on its own specialty.
3. Intermarket Network - Multiple organizations in different markets form an alliance to serve customers with widely

varying needs.

4. Opportunity Networks - Temporary affiliations of organizations with the purpose of taking advantage of a unique situation. Once the opportunity passes, the affiliation is dissolved.

Three of the four network structures (two, three, and four) described by Chisolm (1998) may be appropriate for implementing the transorganizational strategies discussed in Chapter 2. These network structures are frequently coordinated by "broker organizations" that play the role of general contractor (typically seen in the construction industry).

Network-based structures allow units or organizations to focus on what they do best. These structures often result in powerful synergies and rapid growth in market share.

There are, of course, some disadvantages to network structures. Independent organizations may be resistant to giving up their autonomy or proprietary knowledge. How to divide the benefits fairly may be difficult to agree upon.

I believe network-based structures will continue to grow because in many situations they are almost a requirement of success. Network-based structures allow for the efficient use of high-cost technologies and for global expansion.

Restructuring the Entire Organization

Sometimes it is necessary to change the organization's structure to fit the organization's strategy. A radical change in strategy typically demands a dramatic change in structure. Even if the organizational strategy is not changed, the organization's structure should be periodically examined to determine its effectiveness.

Organizational restructuring interventions vary in degree from minor adjustments to large-scale, organization-wide changes that affect virtually every organizational member. Large-scale radical redesign is commonly known as "re-engineering."

Re-engineering involves a fundamental rethinking of how the organization makes and delivers products and services. Questioning the shared assumptions underlying how the organization operates can be deeply disturbing for some organizational members, so the OC consultant must be highly trained in organizational change and group dynamics. Re-engineering the entire organization also requires restructuring at the group/team and individual job levels. Re-engineering is often associated with downsizing (our next topic) because radical

restructuring to avoid duplications and inefficiencies typically results in fewer workers and/or fewer layers of management.

Cummings and Worley (2001, pp.304-306) believe cross-functional teams should follow these re-engineering steps:

1. Identify and analyze core business processes. (A company may improve efficiencies by outsourcing non-core processes.)
2. Define performance objectives. (These standards should be based on customer requirements, or on "benchmarks" and best practices of industry leaders.)
3. Design new processes to create a competitive advantage.
4. Restructure the organization around the new processes.

Cummings and Worley (2001) correctly add, "The business strategy should determine the focus of reengineering and guide decisions about the business processes" (p.303).

Downsizing

One type of restructuring that creates enormous angst throughout the organization is the dreaded "downsizing." Downsizing involves early retirements, redeployment, attrition, delayering, outsourcing, divestiture, and/or layoffs. Regardless of how the

downsizing is accomplished, it always means one thing--fewer people. That outcome makes both terminated employees and survivors very uncomfortable.

The first people to go in corporate downsizings are the temporary and permanent part-time workers. Their work is outsourced to independent contractors or "spread around" to the permanent full-time employees. Outsourcing is potentially a wise way to restructure if another firm can do the task more efficiently. But the company should retain and continue refining its own core competencies.

Whether structuring or restructuring, the organization's structure should be clearly aligned with the organization's long-term strategy. OC consultants must be prepared to question senior management's attempts to obtain "quick fixes" at the expense of long-term plans. Downsizings, especially in the form of layoffs, can produce quick and dramatic short-term cost reductions, but can result in large (even if not clearly measurable) long-term opportunity costs.

In his best-selling textbook, *Psychology Applied to Work*, Paul Muchinsky discusses the impact of downsizing on the psychological contract (Muchinsky, 2000, pp.284-292). The psychological contract involves the unwritten expectations

employees have concerning job security and promotion opportunities. Employees perceive a reciprocal agreement under which, hard work and loyalty to the company are rewarded with job security and promotion opportunities.

Muchinsky (2000) believes employees (both terminated and survivors) see downsizings and layoffs as a "fundamental violation" of the psychological contract. Violations of psychological contracts result in organizational cultures that are less relational and more transactional (Robinson, Kraatz, & Rousseau, 1994). Motivating surviving employees in the post-downsized environment is very difficult. "Downsizing emphasizes the cold and brutal reality that the goals of the individual and the goals of the organization need not necessarily align" (Muchinsky, 2000, p.289).

Surviving employees of downsizings will question the necessity of the downsizing, the criteria used for termination, and caretaking activities (severance pay and outplacement counseling, for example). OC consultants should be prepared to discuss these issues with the management team. The client should be aware of the possibility of good employees "jumping ship" and going to the competition.

II. Team/Group Structure

In recent years, we have seen a dramatic increase in the use of the team structure for accomplishing work in organizations. Some of the applications for the team structure have been appropriate and highly successful. On the other hand, some inappropriate uses of the team structure have produced poor results. The key for OC consultants and managers is to recognize when a team structure is appropriate and what type of team is called for.

Certain tasks, particularly those requiring some form of highly trained expertise, may be more appropriately handled by an individual expert. Inappropriate uses of teams are costly (both in terms of time and money) and frustrating for the team members. The OC consultant should devote time to analyzing the use of teams with client members.

There are basically three types of teams to consider:

1. Creative teams are called upon to explore possibilities and to present alternative ideas and solutions to management.

Members of creative teams must be comfortable working "outside of the box." Brainstorming meetings of creative teams are

unstructured, high-energy sessions that frequently produce "off-the-wall," non-traditional possibilities.

2. Tactical teams are responsible for executing a well-defined plan. The focus of these team members is on the execution of their highly focused, specific task. Team success is determined by meeting high pre-established performance standards. I know of one large bank that will "helicopter-in" a post-acquisition tactical team to examine the procedures of each new branch office. (A police SWAT team is another example.)
3. Decision-making teams are charged with the responsibility of gathering data, analyzing data, and coming to a decision. Members of decision-making teams must understand the impact and consequences of their decisions. The members of these teams need highly developed analytical and critical thinking skills.

To be successful, the HR knowledge applied to individuals must be applied to teams. Selection, compensation, evaluation, and training are also critical to team success.

Regarding selection, Muchinsky (2000) has stated, "traditional job analytic methods identifying the KSAs needed for individual job performance...tend to be insensitive to the social

context in which work occurs" (p.264). This is especially true when we are selecting members for teams. The team member selection process should consider learning styles, tolerance for stress, and risk-taking comfort levels.

Compensating and rewarding team members are also a critical concern. If team members continue to be rewarded for individual performance, they will not devote themselves to team success.

Periodic performance evaluation of the team is critical for on-going success. Human beings need feedback about their performance.

Training for teams, like training for individuals, involves helping members to obtain the KSAs that are required by the job. Similar to individual training, a training needs analysis (TNA) for the team's task must be conducted first. Next, any deficient KSAs must be provided for.

Team development, like individual development, should be seen as an on-going process. I will devote a large part of Chapter 10 (Human Process Interventions) to team building interventions. There are several highly successful, proven interventions available for team building.

Muchinsky (2000, p.396) uses a "peg-and-hole" analogy to compare the HR functions of selection and training to job design. He sees "finding new pegs that fit existing holes" as the HR function of selecting, and "reshaping pegs for better fit" as the HR function of training. Muchinsky goes on to say that the problem of fit can also be approached by "changing the shape of the hole." Changing the shape of hole is the task of job design (or redesign). Muchinsky summarizes, "It is possible to change the workplace instead of, or in addition to, changing the worker" (p.396).

There are three different approaches to job design (job structure):

1. the engineering approach
2. the psychological approach
3. the sociotechnical approach

Engineering Approach to Job Design

The engineering approach to job design is rooted in the work of Frederick Taylor. Most business students know Taylor as the father of scientific management. The profession of industrial engineering is based on Taylor's principles for analyzing and designing work (Taylor, 1911).

The engineering approach seeks to maximize output (finished goods) and minimize input (energy and resources) by designing jobs with high levels of specialization and simplification. Taylor and his followers believed by simplifying a job, the job could be quickly learned and then executed with little or no mental effort.

In Taylor's time, this approach to job design made sense. The Industrial Revolution was under way, and large numbers of unskilled workers were moving to the big cities for work.

Practice Log 3.1 - It Pays the Bills!

When my ancestors emigrated from Germany, they were poor, uneducated, and didn't speak English. Realizing that they weren't executive material, they were willing (and thankful) to take any kind of work they could get. The goal was not self-actualization (in Maslow's terminology); the goal was to feed the family.

In Pennsylvania, the Beitlers had basically two careers to choose from: coal miner or farm hand. These were not exciting options, but they were typically the only options for the unskilled, uneducated immigrants.

Then a new option became available in the big cities--

factory worker. Factory work in the big cities (Pittsburgh or Baltimore) provided a paycheck without digging in the topsoil (or digging hundreds of feet below the top soil). One visit to a coal mine will explain why my ancestors moved to Pittsburgh or Hagerstown (a smaller factory town in Western Maryland). My father dropped out of high school in Hagerstown to take a job working in an airplane manufacturing plant in Baltimore.

Unskilled, uneducated workers didn't complain about their routine, repetitive tasks. These jobs paid the bills. In the first half of the 1900s, factory workers expected strict schedules, rigid work flows, and autocratic bosses.

The engineering approach, with its focus on time-and-motion studies, came under severe criticism in the latter half of the 1900s. Critics charged that jobs designed with the engineering approach "dehumanized" the worker. Personally, I believe the critics fail to appreciate the significant contributions of the engineering approach.

When the engineering (technical) approach is combined with the psychological approach (discussed next) a highly effective sociotechnical approach emerges. Let's look at the psychological approach next, and then the sociotechnical approach.

Psychological Approach to Job Design

The psychological approach to job design became more popular as workers became better educated. By the latter half of the twentieth century, workers were no longer content with a paycheck alone.

Researchers following the psychological approach concluded that monotonous jobs were not as productive as previously predicted. Melamed, Ben-Avi, Luz, and Green (1995) spoke of "underload" producing a type of counterproductive stress. Underload is an insufficient amount (or lack of) of job stimulation. Wong and Campion (1991) suggested a medium range of stimulation to make jobs more satisfying.

In the latter half of the twentieth century, job designers began to use the terms "job enlargement" and "job enrichment." Job enlargement involves increasing the variety of tasks performed by a particular worker (a horizontal change). Job enrichment involves increasing a worker's control, authority, and responsibility over a particular job (a vertical change). Job enrichment advocates believe by satisfying a worker's higher needs (e.g., autonomy and decision-making power), jobs will become more motivating.

By the mid-1960s, researchers following the psychological approach were looking at task attributes that influenced worker

behavior. Turner and Lawrence (1965) identified several attributes that lead to worker satisfaction and attendance: variety, autonomy, interaction (required and optional), required knowledge and skills, and responsibility. It became apparent that not all workers responded uniformly to the same task attributes. Muchinsky (2000) concludes, "people trying to satisfy higher-order needs want more stimulating jobs. They... respond more positively to enriched jobs" (p.399).

Hackman and Oldham made two valuable contributions to OC practice in 1975 and 1976. They created the *Higher-Order Need Strength Questionnaire B* (Hackman & Oldham, 1975) to identify individuals who would respond positively to enriched jobs. Then they developed the Job Characteristics Model (Hackman & Oldham, 1976) to help job (re)designers determine the motivating potential of particular jobs based on five core job dimensions:

1. skill variety
2. task identity
3. task significance
4. autonomy
5. feedback

The first three characteristics (skill variety, task identity, and task significance) influence the perceived

meaningfulness of the job. Simply put, skill variety involves the opportunity to use a variety of skills; task identity provides the sense of completing a "whole" task; and task significance represents a positive impact on others.

The fourth characteristic, autonomy, allows the worker to experience responsibility for outcomes. The final characteristic, feedback, provides the worker with knowledge about results and input for future growth.

Hackman and Oldham's (1975, 1976) contributions are essential additions to the OC consultant's tool kit. Redesigned jobs can create increased worker satisfaction and greater organizational productivity--a win/win situation!

Sociotechnical Approach to Job Design

The sociotechnical approach, also known as the sociotechnical systems (STS) approach, is rooted in the work of Eric Trist at the Tavistock Institute in London. After World War II, the British government privatized the coal mining industry. Even though substantial investments were made in new technology (much of which was developed during WW II), coal mining production did not improve. Trist studied the situation, and concluded that technological gains were being offset by losses in productivity due to social and psychological consequences. Breaking up teams,

isolating workers, and reducing task identity reduced worker satisfaction and productivity.

Trist and followers of the STS approach insist that jobs must be designed to optimize both social and technical aspects. The social aspects operate according to biological and psychological laws; the technical aspects function according to mechanical and physical laws (Cummings & Worley, 2001, p.353). "Sociotechnical" suggests an interaction between both aspects.

Much of what we know about team design in general, and self-managed teams in particular, has grown out of the STS approach to job and team design.

Summary

Structural interventions should be considered only after a well-crafted strategic plan is in place. The strategic plan for the entire organization should be the starting point for considering the appropriate structure for the organization. The strategic plan, or goals and objectives, should be the starting point for the group or team. And finally, the goals and objectives of a particular job should determine its design or structure. Strategy should always precede structure.

Organizational change consultants must be familiar with alternative structures for clients at the entire organization

level, the group/team level, and the individual job level. While structural interventions should be planned and implemented collaboratively with the client, the OC consultant must be prepared to facilitate the process.

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Chapter 4

Organizational Culture Interventions

In Chapter 1, I shared my practice model showing Organizational Culture on the bottom.

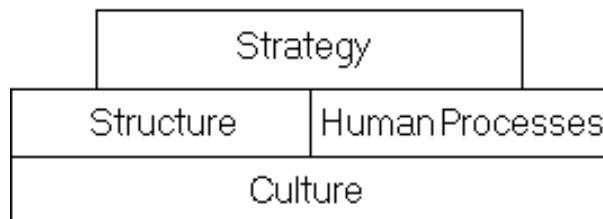


FIGURE 4.1

Let me explain. Organizational culture has some unique characteristics.

Indirect Changes

Organizational culture can be changed indirectly, as well as directly. When changes are made to the organization's strategy, structure, or human processes, changes (either positive or negative) will inevitably occur in the organizational culture. The other three elements (strategy, structure, and human processes) are embedded in the organizational culture.

Organizational culture will change if strategy is changed

from low-cost leader to high-end niche provider. Changing to cross-functional teams, changing reward systems, and/or changing decision-making policies will lead to organizational culture change. Even though these changes are indirect, they can result in dramatic changes in the organization's culture--positive or negative. Senior management must consider these indirect culture changes when implementing changes in strategy, structure, and human processes.

Direct Changes

Much has been written about directly changing organizational culture. It's an exciting topic for executives and OC consultants because of the enormous potential benefits derived from changing an organization's culture. While exciting because of its enormous potential, attempting to directly change organizational culture can lead to enormous frustration.

It is important to understand how deeply the roots of organizational culture go. Organizational culture is rooted in the shared basic assumptions of the organization, which drive behavior throughout the organization. See Figure 4.2.

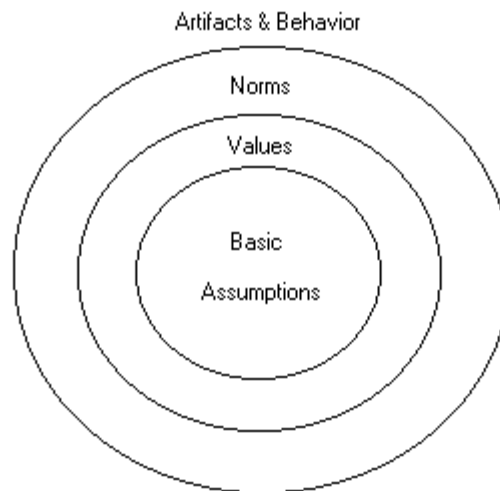


FIGURE 4.2

Edgar Schein, perhaps the most insightful author on organizational culture, shares several important insights about the nature of culture and human beings. Schein (1992) states, "culture implies some level of structural stability in the group" (p.10). He believes humans need stability, consistency, and meaning. Therefore, the creation of an organizational culture is "a striving towards stability, consistency, and meaning" (p.11).

After years of development, it is unlikely that organizational culture will change easily. The basic assumptions underlying the organization's behaviors, norms, and values cease to be questioned or debated.

Three German researchers (Schreyoegg, Oechsler, & Waechter, 1995) believe the basis of a culture is a fundamental orientation

that shapes perceptions and actions. This world point of view "tells organizational members, in a subconscious way, how to perceive, how to conceptualize, and how to make decisions" (p.171).

Different Approaches to Studying the Phenomenon

There are dramatically different approaches to studying organizational culture (e.g., anthropological versus clinical). These different approaches result in very different understandings of the phenomenon we call organizational culture.

Despite these differences, Schreyoegg, Oechsler, and Waechter's (1995, pp.169-70) review of the literature revealed the following core elements:

1. An Implicit Phenomenon
2. Everyday Practice
3. Shared – resulting in uniform thinking and acting
4. Historically Rooted – resulting from how problem situations with external challenges and internal integration was dealt with in the past
5. Guidelines for "Sense Making" – provides individual members with orientation schemes or ways to conceptualize complex situations
6. A Socialization Process – new members are taught the

culture's expectations and traditions

My Simplistic Definition

For our purposes, let's use the following simplistic definition of organizational culture:

The shared basic assumptions an organization teaches its new members about the correct way to behave, think, and evaluate.

Levels of Organizational Culture

While Schein (1992) and I disagree on the number of levels of organizational culture (Schein sees three; I see four), we agree that an understanding of an organization's culture must involve an analysis of the specific organization's values and basic assumptions. Simply evaluating or judging the observable artifacts and behaviors will not lead to cultural understanding. The deepest levels must be examined before observable artifacts and behaviors can be understood in context.

What we see when we walk into an organization are its artifacts (furniture, art work, posters) and "normal" behavior (normal by the organization's standards). There are frequently conflicting messages at the surface level. It is not uncommon

for me to read banners on the wall proclaiming "Teamwork Makes Us Great!" or "The Customer is Number 1!", while observing employees working in individual cubicles, apparently oblivious to the existence of fellow employees or customers.

Just below the surface level, the observables, are norms. These accepted organizational norms drive the behavior of the organizational members. Norms gain legitimacy and power when organizational members reward and punish according to adherence to the norms. Let me offer the following example:

Practice Log 4.1 "Norms for Lunch"

I vividly remember the enforcement of norms at a beverage distribution company. I was conducting a group interview with some warehouse workers just before lunchtime. As the session wound down, the discussion turned to eating lunch. I asked if I could join the group for lunch. They readily agreed, and I was treated like one of the guys throughout the discussion of sports, automobiles, dating, ex-wives...and other guy stuff.

What was most interesting to me, as an OC consultant, was the end of lunch. About 55 minutes into lunch one of the younger guys said, "We had better get back to work—our hour is almost up." One of the unofficial leaders said, "Nonsense! Everybody knows we get an extra five minutes. Are you trying to make the

rest of us look bad?" Nobody moved.

It was interesting for me to watch every guy in the group clock-in at one hour and five minutes. My subsequent timecard research proved interesting. Popular people took one hour and five minutes for lunch; unpopular people took one hour or less. Coincidence? Were norms driving behavior in this organization?

The next deeper level involves values. Values determine what is important (quality vs. quantity, individual vs. team success, or creativity vs. conformity). Careful analysis will reveal how the company's norms are driven by these values.

At the deepest level we find the taken-for-granted, basic assumptions. These basic assumptions become implicit and unquestioned. These are assumptions about "the way things are" (business, human nature, the meaning of success).

The reason changing organizational cultures is so difficult is the fact that they are rooted in this dark, unexamined level of basic assumptions. Questioning these basic assumptions ("the unquestionable") creates great anxiety for many organizational members. Frequently, the resulting frustration and anger are aimed at the OC consultant (the one doing the questioning).

Numerous studies have revealed the relationship between organizational culture and organizational performance (Denison, 1989; Kotter & Heskett, 1992).

Some companies with extraordinary returns (including Southwest Airlines and Wal-Mart with returns of 20,000%) have outperformed their rivals without the traditional competitive advantages. "The major distinguishing feature in these companies, their most important competitive advantage, the most powerful factor they all highlight as a key ingredient in their success, is their organizational culture" (Cameron & Quinn, 1999).

Trice and Beyer (1993) believe a strong, unique organizational culture provides the following benefits:

1. reduces collective uncertainties
2. creates social order
3. creates community
4. creates a collective identity and commitment
5. establishes a vision for the future

Organizational Culture and Organizational Change

Organizational change efforts will fail if organizational culture remains fundamentally the same. The effectiveness of

organizational change efforts requires embedding the improvement strategies in a cultural change (Cameron & Quinn, 1999; Cameron, Freeman, & Mishra, 1991).

Changes in procedures remain superficial and short-lived unless there are fundamental changes in values, ways of thinking, and approaches to problem solving. The resisting forces (discussed in Lewin's Forcefield Analysis) will renew their efforts to re-establish the old status quo. Cameron and Quinn (1999, p.10) found in these scenarios that "organizations may be worse off than had the change strategy not been attempted in the first place."

Cameron and Quinn (1999, p.13) conclude their discussion on the power of culture change by saying, "The status quo will prevail. We repeat! Without culture change, there is little hope of enduring improvement in organizational performance."

Cameron & Quinn's "Types"

Before discussing how to diagnose organizational culture, let's look at Cameron and Quinn's (1999) model of organizational culture. The four types of organizational culture in their model are:

1. the clan

2. the adhocracy
3. the market
4. the hierarchy

The clan culture is like an extended family. The leader is frequently a parental figure. The glue that holds the clan together is loyalty or tradition. Success is defined in terms of sensitivity to people (customers and employees). Many Japanese and Mexican firms have a clan culture.

The adhocracy features temporary team membership and constantly changing structure. Success is seen in terms of creativity and new ideas. Effective leadership is seen as visionary, innovative, and risk-oriented (Cameron & Quinn, 1999). Many high-tech firms have this type of culture.

The market culture is market-driven and highly competitive. Success is seen in terms of market share and market penetration. Effective leaders are seen as tough, demanding, and hard-driving. Insurance and other sales-oriented companies typically have a market culture.

The hierarchy is formal and highly structured. Success is defined in terms of efficiency. Effective leaders establish and monitor policies and procedures for lower costs and tighter scheduling. Large consumer-products manufacturers are typically

examples of hierarchies.

The organization's life cycle can affect its culture. Some companies start as adhocracies, become a clan with the founder as the parent figure, grow into a hierarchy, and finally adopt a market culture to survive in competition with younger competitors.

Cameron and Quinn's OCAI Instrument

Cameron and Quinn (1999) have developed an organizational diagnostic tool called the Organizational Culture Assessment Instrument (OCAI). The OCAI has been used in more than a thousand organizations. The instrument, in the form of a questionnaire, gathers individual assessments of six key dimensions of organizational culture:

1. dominant characteristics
2. organizational leadership
3. management of employees
4. organizational glue
5. strategic emphases
6. criteria for success

Each participant assesses the organization on the six aspects twice: first, based on the current (now), and then based

on a desired future (preferred). Each of the six questions allows for the allocation of 100 points over four alternatives. This ipsative rating scale permits the respondent to indicate the existence of more than one culture, in varying degrees. For example, all four cultures may exist in one organizational aspect in the following percentages: 60, 25, 10, and 5. Scoring is simple. Simply add all the A's, divide by six. Then the B's, and so forth. The results can then be plotted on a graph.

Cameron & Quinn's Organizational Profiles

By plotting the responses to Cameron and Quinn's OCAI questions on a four-quadrant graph (Cameron & Quinn, 1999, p.59) a visual (two kite-like shapes) of the current culture versus the preferred future culture is created. Many executives suddenly realize how much work will be needed when they see the visual presentation. Only after seeing this visual are some executives ready to talk about culture change taking years.

Of course, the participants will all have different assessments, so a group consensus must be arrived at before strategies for change can be considered. Coming to this consensus is typically a valuable exercise.

Very large differences between current and preferred cultures require more radical changes and longer periods of time.

The radical changes include terminating employees who are deeply rooted in the old culture.

Schein's Approach

Schein's (1992) approach to diagnosing organizational culture differs in many ways from Cameron and Quinn's (1999), but both approaches share important similarities. Both assume leadership plays an important role in creating, diagnosing, and changing organizational culture. Both assume the OC consultant must facilitate the process of making implicit assumptions explicit.

Schein (1992) is critical of the overuse of cultural surveys/questionnaires. He believes culture surveys/questionnaires only create another artifact "subject to the same interpretation problems as other artifacts" (p.186).

Schein (1992, p.148) makes several insightful statements. Let's consider a few of them here:

1. "Culture is a set of shared assumptions; hence obtaining the initial data in a group setting is appropriate and valid."
2. Not all parts of the culture are relevant.
3. "Insiders are capable of understanding and making explicit the tacit assumptions...but they need outsider help in the process."
4. Group members must be able to categorize assumptions into

"aids" and "hindrances."

Schein's (1992) approach follows these steps and substeps:

Step 1-Obtaining Leadership Commitment

Step 2-Conducting a Large Group Meeting

Substep 2a-Consultant gives a short lecture on what culture is, and how it is created.

Substep 2b-Eliciting descriptions about artifacts (dress codes, general and specific behaviors, physical layout, use of time and space, expressed/unexpressed emotions). Everything is written on flipchart paper and taped to the walls. The visuals help stimulate deeper thinking about the culture.

Substep 2c-Identifying espoused values, starting with the artifacts of most interest to the group. Consultant asks "the reasons why they do what they do" (p.152). Separate flipchart sheets should be used for values. Disagreements should be discussed.

Substep 2d-Making a "First Cut" at Shared Underlying Assumptions. Assumptions can be derived from the lists of artifacts and values on the walls. "Important and salient assumptions are ones that trigger a whole new set of insights and new data, that begin to make sense

of a whole range of things that they do and espouse”
(p.153).

Step 3—Identifying Cultural Aids and Hindrances in Subgroups.

Subgroups have two tasks: first, refine assumptions and identify other assumptions; second, categorize assumptions into “aid” or “hinder.” The subgroup should prepare a report with two or three assumptions that aid and two or three assumptions that hinder.

Step 4—Consensus and Joint Analysis. This step begins with the reports from the subgroups. The entire group should then work toward consensus on important shared assumptions, and then consensus on implications of those assumptions. A discussion should follow concerning the role of each assumption in aiding or hindering what the group wants to accomplish.

Step 5—Develop the Change Strategy. This step may be done with the entire group or in subgroups.

Ethnographic vs. Clinical Approaches

Schein (1992) makes a clear distinction between the ethnographic approach and the clinical approach to studying organizational culture. These arguments (discussions) take place between

university faculty members every day. Research professors claim to be more scientific because they study a phenomenon and leave it the way they found it. Frankly, as a practitioner (a clinician), I have little interest in conducting this kind of research. I see the value of "pure research," but I have a different motivation.

As an OC practitioner, I conduct "applied research" or action research. Kurt Lewin, the model of an applied social scientist, once said, "Action research should involve no research without action, and no action without research." This is profound advice for the OC consultant.

My colleagues who are research professors pride themselves on not taking any money from the subject organization. They believe that refusing money keeps them objective.

As a practitioner, I take money from my client organizations. I believe the money indicates their motivation to solve organizational problems. Simply being invited to take a look at the organization does not indicate a desire to change anything (it does not even recognize a problem). I want motivated clients who are willing to work hard with me in diagnosing problems and designing interventions. I believe the desire to solve existing problems is essential for organizational change.

I agree with Schein (1987, 1992) when he writes, "only a joint effort between an insider and an outsider can decipher the essential assumptions and their patterns of interrelationships" (1992, p.169). Even highly motivated clients will not be able to spontaneously discuss their organization's "basic assumptions and how they are patterned because they have dropped out of awareness and are taken for granted" (1992, p.170). A collaborative effort is needed to overcome the client's lack of awareness.

A Collaborative Approach

It is essential for the OC consultant to find motivated client members. They are a prerequisite for the successful analysis of what's going on in the organization. Motivated client members are ready to hear the consultant's theories and hunches without getting defensive.

The really important data is in the client's head, so the consultant must work hard to establish an open, trusting, helping relationship to get to that information. Once a hypothesis is developed, the consultant and client "must determine what additional data would constitute a valid test of whether such an assumption is operating" (Schein, 1992, p.174).

Schein (1992) believes the diagnosis should culminate in a written description of the assumptions and how they relate to

each other in a meaningful pattern. The written description may be modified, but it is essential that consultant and client agree on the assumptions and how they are patterned.

What to Ask

Schein offers several questions to ask the client to stimulate cultural thinking. Here are a few of his questions:

1. What's the history of the organization?
2. What were the values and goals of the founder and early leaders of the organization?
3. What have been some of the critical problems (survival problems) faced by the organization? How were they solved? Who solved them?

The key, of course, is to look for patterns. "We cannot argue that we are dealing with a cultural element until we see some repetition of response; some behaviors, values, and assumptions that clearly are shared and continue to be used in new situations" (Schein, 1992, p.179).

Organizational Culture and Leadership

Cameron and Quinn (1999) and Schein (1992) agree that leadership plays a critical role in creating and maintaining organizational

culture.

Cameron and Quinn (1999) have developed an instrument called the Management Skills Assessment Instrument (MSAI) that can be used in an organization along with their Organizational Cultural Assessment Instrument (the OCAI was discussed earlier). Cameron and Quinn's MSAI profile is "based on the same framework as the organization culture profile, and can be used to identify which skills and competencies managers must develop or improve in order to enhance the culture change effort" (p.106). The MSAI is used in the University of Michigan's Management of Managers' Program (rated one of the top five executive education programs in the U.S.).

The MSAI is a 360-degree instrument completed by the manager, supervisor, peers, and subordinates. Completed data sheets are faxed to Behavioral Data Services in Ann Arbor, Michigan and returned to the consultant.

The MSAI gives feedback on how successful a manager will be in the four types of organizational culture (clan, adhocracy, market, or hierarchy). Some managers may subsequently decide that the new organizational culture is not for them and leave the organization. This reaction could be a good result. Major changes in organizational culture will require major changes in member behavior.

Schein (1978, 1983, 1992) emphasizes the importance of the founder in culture formation. In addition to high levels of self-confidence and determination, he or she typically has strong assumptions about the nature of the world, the role of the organization, the nature of human beings and relationships, how truth is determined, and how to manage space and time (Schein, 1992, p.213).

The process of culture formation is linked to organizational formation. A founder with a vision is joined by one or more people who share the founder's vision and commitment. Large amounts of time, energy, and money are invested in the new venture. If success is obtained, the members assume their assumptions are right. The assumptions are taught to new members. The shared history of the members lead to shared assumptions about right and wrong, good and bad.

Transmitting Culture

Once the fledging organization becomes stable as a result of a series of successes, the dynamics change. New members are socialized into the "right" way of doing things.

Schein (1992) believes there are "six primary embedding mechanisms" and "six reinforcing mechanisms." The six primary embedding mechanisms (p.231) are:

1. What leaders pay attention to, measure, and control.
2. How leaders react to critical incidents and crises.
3. How scarce resources are allocated.
4. Deliberate role modeling and teaching.
5. Allocation of rewards and status.
6. Recruitment, selection, promotion, and excommunication.

Without going into detail here, it is plain to see how these mechanisms weave (whether consciously or unconsciously) the leaders' basic assumptions into the culture.

Schein (1992, p.231) also lists six reinforcing mechanisms. These reinforcing mechanisms only work "if they are consistent with the primary mechanisms" (discussed above).

1. organizational design and structure
2. organizational systems and procedures
3. organizational rites and rituals
4. design of physical environment
5. stories, legends, and myths
6. statements of philosophy, values, and creed

Schein (1992) believes managers can consciously use these mechanisms to build the desired culture. He states, "What the manager must recognize is that all of the primary mechanisms must

be used, and all of them must be consistent with each other”
(p.253).

Changing Organizational Culture

Despite its deeply ingrained nature, organizational culture will (and does) change. It is a slow process, but it happens spontaneously (or according to a plan) in all organizations. Spontaneous change is frequently less painful, if it is slow and non-threatening.

On the other hand, planned change is often seen as forced and threatening. The benefits of planned change must be sold to the troops. Then, senior management must be prepared for a frustratingly slow process as it implements all of the mechanisms suggested by Schein above.

Organizational culture change is usually in response to a crisis. “The traditional interpretation and behavior patterns are no longer successful” (Schreyoegg, Oechsler, & Waechter, 1995). New behaviors and thinking can then be introduced. Resistance to change breaks down as successes result from the new ways.

Cameron and Quinn (1999) offer a few helpful hints for change agents:

1. Find something easy to change first. Change it and

celebrate.

2. Build coalitions of supporters (including opinion leaders).
3. Set targets for incremental completions.
4. Share information about the changes (reduce rumors, provide information).
5. Define how results will be assessed.
6. Make clear the advantages of change.
7. Reward the new desired behaviors.
8. Change reinforcing mechanisms (selection, appraisal systems, promotion criteria, and reward systems).

Summary

Organizational cultural change can be slow and frustrating, but the benefits can include dramatically improved organizational performance. The OC consultant should be prepared to facilitate this process.

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Chapter 5

Human Process Interventions

The work of OC consultants and change leaders includes facilitating a wide variety of human process interventions (a long list was included in chapter one). In this chapter, we will focus on team-building and conflict-management interventions.

As emphasized throughout this e-book, the OC consultant's primary purpose is to facilitate the work of aligning the organization's structure, culture, and human processes with the organization's strategic plan. Human processes in an organization involve "how" things get done. Fortunately, one of the best developed areas of OC practice is in the area of human process interventions.

Let's look first at some team-building interventions, and then we'll examine some interventions specifically designed for conflict management.

Team-Building Interventions

Many organizations have switched to team-based work structures to implement their new market-driven strategic plans. The use of cross-functional teams has been highly effective in

some situations, but disastrous in others.

Most individuals in Western societies, especially in the U.S., have received very little training in how to work effectively in teams. Thus, team building interventions have become a valuable professional service offered by OC consultants. Clients typically do not have to be convinced about the importance of enhancing team effectiveness.

Research tells us that effective teams have the following characteristics:

1. a clear mission and action plan
2. an informal, comfortable atmosphere
3. open communication
4. full participation
5. civil disagreement
6. clear role expectations
7. healthy external relationships, and
8. acceptance of style diversity.

The OC consultant should be concerned if these characteristics don't exist in his/her client's teams. This checklist can be shared with the team, since the implications are rather obvious.

Additional research on high-performance work teams (HPWTs)

is also helpful. HPWTs are described as teams that have been recognized by others as being extraordinarily effective. What appears to separate the HPWTs from other effective teams is personal commitment among the members. HPWT members demonstrate a personal commitment to each other's growth and success.

Clearly, HPWTs are not created overnight.

Practice Log 5.1 An HPWT

For many years I have conducted workshops for groups of executives and professionals. Over the years, I have had several colleagues work with me in a tag-team type instructor format. Some of these teams have been very effective (some have been disappointing).

One colleague and I seemed to be especially effective together. Our workshop participants often commented on how well Susan (not her real name) and I worked together.

After one workshop, Susan made a surprisingly negative comment about my performance. I was so shocked I didn't know how to respond. I simply said "OK," and walked off.

As I sat alone at dinner that evening, I was feeling hurt about the comment. *Why would Susan say something like that? I thought we were friends?* I pondered the possible motivations for her comment.

What does she gain by putting me down? *Nothing.* Hasn't she always been concerned about me in the past? *Yes.*

It suddenly hit me. Susan's comment was for my own good! If she didn't care, she would have said nothing at all. I spent the rest of my dinner time thinking about how to change my presentation.

The next day, the response by the executive team to our presentation was amazing. The executives actually gave us a spontaneous standing ovation! Thanks Susan for the input!

We were an HPWT!

There are basically three types of team-building interventions with three distinct foci: diagnostic, process, and relationship:

- a. team diagnostic interventions - help to increase awareness of group problems and opportunities (e.g., the Group Diagnostic Meeting)
- b. team process interventions - are designed to improve communication, role expectations, decision making, goal setting (e.g., the Role Analysis Exercise)
- c. team relationship interventions - are designed to build or strengthen relationships between boss and subordinates, or peers, or groups (e.g., the Appreciations & Concerns

Exercise)

Let's begin by examining a generic team-building exercise that can be used with almost any group. Then we will look at various team-building interventions that are currently being used by OC consultants.

A Generic Team-Building Intervention

1. consultant interviews group members and leader
2. consultant categorizes data into themes
3. consultant feeds back themes (findings)
4. group prioritizes the themes (into an agenda)
5. group examines underlying dynamics of problems
6. group brainstorms alternative solutions
7. group develops an action plan

Group Diagnostic Meetings

The Action Research Model suggests completing diagnosis by the end of step three. While most OC practitioners would agree, many consultants also recognize the powerful team-building effect of getting the group members to diagnose their own problems together.

The purpose of the Group Diagnostic Meeting Intervention is

to conduct a general critique of group performance. The purpose is not to find solutions, but simply to uncover and identify problems.

Several critical questions should be discussed:

1. What's the mission/purpose of the group?
2. How are we doing? (tasks, relationships, processes)
3. What are our opportunities and threats?
4. What are our strengths and weaknesses?

There are various ways to organize these discussions. For small groups, it is possible to discuss the issues with the entire group. In a large group, it may be helpful to break up into several "buzz" groups (subgroups of four to six members), and then to reconvene to share findings.

I know one consultant who uses one-on-one interviews. He has members interview each other using an interview guide with the four questions listed above. Then the participants reconvene to share lessons learned.

There are several advantages to using the Group Diagnostic Meeting Intervention:

1. an obvious team-building, "energizing" effect,
2. additional insight to support the typical diagnostic process (Action Research steps 1 thru 3), and

3. enhanced member buy-in for the interventions chosen.

Some organizations now use periodic (semi-annual or annual) Group Diagnostic Meetings to serve as group performance evaluations, similar to periodic performance evaluations for individual employees.

The Role Analysis Exercise

Warning! This exercise should be used only after careful diagnosis. The Role Analysis Exercise is not appropriate when there is a high level of conflict. (The Role Negotiation Intervention, discussed in the Conflict Management section of this chapter, would be more appropriate for high levels of conflict.)

The Role Analysis Exercise is designed to clarify the role expectations for the job incumbent. It also helps clarify how other roles in the group or department relate to (and support) the target job. The goal of the exercise is to work through differences in expectations.

The Role Analysis Exercise is especially important for new teams because it results in consensual agreement on expectations for each job/role on the team. It can also be used with more established teams, if clarification of role expectations is

necessary.

The steps in the Role Analysis Exercise are as follows:

1. incumbent lists expectations of target role
2. group members add and delete
3. group members and incumbent agree on expectations
4. incumbent lists expectations of other roles
5. group members add and delete
6. group members and incumbent agree on expectations
7. incumbent writes the role profile
8. group members approve

This exercise involves a discussion of all related roles, not just the target role.

Interdependency Exercise

The Interdependency Exercise is used for three primary purposes:

1. getting people acquainted
2. bringing problems to the surface
3. providing insight into the problems ("challenges") of others

Here is an example of how to use this exercise with a group of

ten organizational members:

1. Seat five members on each side of the table.
2. Have side A (members 1, 2, 3, 4, & 5) interview the side B member (members 6, 7, 8, 9, & 10) who is sitting directly across the table with an interview guide (interdependency questions based on earlier diagnosis).
3. After ten minutes, shift line A one seat to interview the next individual.
4. Complete five interviews; take a break.
5. Then interview in pairs on the same side of the table. (If there is an odd number--use a combination of interviewer, interviewee, and observer.)

As with the Role Analysis Exercise, your diagnosis should indicate low levels of conflict. High levels of conflict here are difficult for the OC consultant to manage because so many interviews are happening simultaneously.

The Interdependency Exercise creates large amounts of data for group discussion. It can be a very effective team builder.

The Interdependency Exercise can also be used with very large groups (50 or more) by dividing the group into clusters of ten. It is also possible to use "question experts" (individuals responsible for one particular question) to gather and report

findings back to the entire group.

Responsibility Charting

Responsibility Charting is helpful in clarifying who is responsible for what. The process is quite simple and usually generates much discussion.

Begin by constructing a grid. Down the left-side of the grid, list the decisions or tasks that must be accomplished (e.g., Decision/Task # 1, Decision/Task # 2, etc.) Across the top, list the "actors." In each resulting box each participant can indicate the responsibility of each actor.

I prefer to use five classes of behavior:

R - responsible for initiating action and seeing that it gets carried out

A/V - must approve or veto

S - provides resources or support

I - must be informed

N - not involved

Invariably, differences come out about the responsibility of the different actors or players. This result leads to very helpful discussion about how things get done.

Let me make the following suggestions about using

Responsibility Charting:

1. Assign an "R" (responsibility) to only one person. One individual should be ultimately responsible.
2. Avoid having too many people with approval/veto power. Most efficient operations require speed (of course, there are exceptions).
3. Any "S" (support role) should be explained. What type of support is involved (money, people, materials, information).

Appreciations & Concerns Exercise

The Appreciations and Concerns Exercise can be used when interview data reveals a lack of appreciation and an avoidance of confrontation. Like the Role Analysis Exercise, this should only be used for minor conflict. Again, proper diagnosis is necessary before choosing interventions.

The exercise follows these steps:

1. Each member jots down three appreciations of each member.
2. Each member jots down one or two minor (work-related) concerns.
3. One individual volunteers to listen to other members. Try to set a good tone by getting the senior member of the group to volunteer.
4. Each member listens in turn. (I typically go around the table

in a round-robin fashion, starting with the most senior member.)

Most group members are willing to listen to minor concerns after they have heard three positives. I am always amazed at how much "positives" mean to individuals. Perhaps we need to express them on a regular basis!

Forcefield Analysis

In *Strategic Organizational Change* (Beitler, 2003), I discussed Kurt Lewin's Forcefield Analysis theory at length. Here we want to talk about Forcefield Analysis as an intervention or "tool."

The participants should follow these steps:

1. Describe the current situation. (What is the status quo?)
2. Describe the desired situation. (What do we want the situation to be?)
3. Identify the driving forces. (What forces are driving toward the desired situation?)
4. Identify the resisting forces. (Who/what benefits from the current status quo?)
5. Examine the strengths of the forces. (Which ones are susceptible to change?)
6. Develop strategies to move the equilibrium/status quo. Add

to the driving forces or reduce the resisting forces.

(Remember, Lewin recommended the latter.)

7. Implement the action plan.
8. Institutionalize (refreeze) the new equilibrium.

In some situations the OC consultant may want to conduct this exercise anonymously. For example, if one of the resisting forces is one of the participants in the meeting, the discussion could get ugly. In this case, the OC consultant can gather the data, then report it back to the group.

"Visioning"

"Visioning," as it is typically called by OC consultants, is an activity that takes place at a strategic planning retreat, but it is also a very effective team building exercise. As group members share their visions, they begin to better understand their colleagues.

Visioning follows these steps:

1. Individuals write down characteristics of the future they want to see (e.g., products, services, HR practices, supplier relationships, leadership style, organizational structure).
2. Individual visions are written on flipchart paper, then

posted on the walls.

3. Subgroups extract themes from the individual visions, then develop a subgroup vision.
4. Subgroup visions are shared with entire group.
5. Entire group agrees on a vision for the organization.

Organizational Mirror Intervention

The last team-building intervention I want to discuss is actually an inter-team intervention. Organizational Mirroring can be used for three or more teams/groups. This intervention includes a host group and representatives from other groups.

Here are the steps in Organizational Mirroring:

1. OC consultant interviews the group representatives (i.e., representatives from marketing, production, finance, and other departments).
2. OC consultant gathers (and organizes) the data received about the host group.
3. Leader of the host group (coached by the OC consultant) welcomes the representatives and invites open and frank comments.
4. The representatives are put in the "fishbowl." (The fishbowl is a small circle of chairs--for the representatives--in the middle of the room, which are surrounded by chairs for the

host-group members)

5. OC consultant feeds back perceptions of the host group, which were gathered in the interviews.
6. The representatives (while sitting in the fishbowl) discuss the comments about the host group. The OC consultant may ask questions to get the discussion started. The host-group members should only listen.
7. Then, the seating positions are switched. The host members sit in the fishbowl, while the representatives sit outside the fishbowl.
8. The host group members (while sitting in the fishbowl) discuss what they heard. They may ask questions only for clarification and/or additional information.
9. Subgroups are formed, composed of host members and representatives, to identify the most important problems.
10. Groups reconvene to develop an action plan.

Conflict Management Interventions

Another important category of human process interventions is Conflict Management Interventions. Conflict is inevitable in organizations. A certain level of conflict (in the form of civil

disagreement) actually enhances productivity. On the other hand, high levels of unresolved, unmanaged conflict can be enormously destructive.

Conflict management skills will become increasingly important in 21st century organizations for at least two reasons:

1. more diverse workforces (made up of workers from different cultures from throughout the world), and
2. the increasing use of cross-functional teams to work together on large projects and contracts.

As I stated earlier in this text, "the advantage of teams is diversity; the disadvantage of teams is diversity." The advantage and disadvantage are two sides of the same coin.

Cross-functional, diverse teams offer the important advantage of diverse viewpoints. While diverse viewpoints can lead to creative, innovative ideas, they almost invariably lead to conflict. However, conflict, like electricity, can improve our lives if it is managed in a responsible manner.

Since attempts to eliminate conflict lead to less creativity and productivity, let's think in terms of managing conflict. As with team-building interventions, many conflict management interventions are available to OC consultants.

Before jumping into the actual interventions for

interpersonal and intergroup conflict, let's take a quick look at what we know about the characteristics of interpersonal and intergroup conflict.

First, we know that unresolved interpersonal or intergroup conflict gets worse if it is not dealt with. It is not likely to go away on its own.

Second, we also know that communication and interaction between the conflicting groups or parties tend to decline over time. This decline in interaction and communication leads to distorted beliefs about the other party or group. Each party or group begins to describe the other in negative stereotypic terms. Each party or group develops an us/them, good-guy/bad-guy viewpoint in which the other can do nothing right. Clearly, these scenarios deteriorate over time.

Researchers and practitioners tell us there are at least four basic strategies for dealing with interpersonal and intergroup conflict:

1. find a common enemy,
2. increase interaction/interdependency,
3. find a supraordinate goal (one that is too big for one party or group),
4. reduce competition.

Principled Negotiations

Principled Negotiations (Fisher, Ury, & Patton, 1991) is often touted as a conflict management method. Instead of thinking of it as a separate method, I prefer to think of it as "guidelines" for any conflict intervention.

Principled Negotiations emphasizes four items to focus on during any conflict intervention. It is important for the OC consultant to keep client members focused on:

1. the problem,
2. member interests (not positions),
3. multiple (not single) options,
4. objective criteria for agreement.

Let's look at each item, one at a time. First, it is important for the client members to separate the problem from the people. Members should clarify whether they are talking about perceptions, feelings, or hard data.

Second, the OC consultant should facilitate the disclosure of individual interests--what people actually want. This activity is more important than wasting time defending various conceptual positions.

Third, the OC consultant should insist on brainstorming that will provide multiple options to resolve the conflict. Multiple

options allow the parties or groups to have free choice. Nobody wants to be forced into a corner.

Finally, specific objective criteria for an agreement should be determined. Important criteria may include cost, expediency, full participation, or other strategic priorities.

Let's look at a few popular conflict interventions. Remember, none of these interventions should be used until a proper diagnosis has been completed.

Blake, Shepard, and Mouton's Conflict Intervention

Blake, Shepard, and Mouton (1965) report success managing intergroup conflict with the following steps:

1. The consultant meets with the leaders of the two groups. The group leaders agree to work on a conflict intervention.
2. The consultant separates the two groups into two rooms, where the groups construct two lists:
 - a. List One - "Don't Like List" - feelings and perceptions about the other group
 - b. List Two - "What They Say About Us List" - predictions about what the other group is "saying about us"
3. Consultant reconvenes the group in one room and explains the "report with no discussion" rule. It is important for the

client members to simply listen to the other group.

4. Group A reads its "Don't Like List" out loud (these are the group's feelings and perceptions of the other group).

Group B reads its "Don't Like List" out loud.

5. Group A reads its "What They Say About Us List" out loud.
Group B reads its "What They Say About Us List" out loud.
6. Consultant sends the two groups to their separate rooms.
7. Groups discuss what they learned about themselves and the other group.
8. Groups construct a "Misperception/Miscommunication" list.
9. Groups construct an "Issues to be Resolved" list.
10. Groups reconvene and discuss "Misperception/Miscommunication" lists.
11. Groups discuss "Issues to be Resolved" lists.
12. Groups construct a Joint Action Plan.

TRW Conflict Intervention

The TRW Conflict Intervention (Fordyce & Weil, 1971) is similar to the Blake, Shepard, and Mouton Model. The TRW Model follows these steps:

1. The groups construct three lists.
 - a. "Positive Feedback" - what one group likes about the other
 - b. "Bug List" - what one group dislikes about the other
 - c. "Empathy List" - predictions of what the other group "Says About Us"
2. Groups convene and read lists to each other.
3. Groups construct an agenda of "Prioritized Issues" together.

4. Temporary teams, containing members from each group, are formed to work on each item.
5. Temporary teams report back in a joint meeting.
6. Both groups develop an Action Plan together.

I have found both the Blake, Shepard, and Mouton (BS&M) Model and the TRW Model to be highly effective interventions for intergroup conflict. I tend to favor the BS&M Model for high levels of conflict, and the TRW Model when there is a relatively strong spirit of cooperation. I believe OC consultants should use steps from each model to design interventions that are appropriate for their client's situation.

Two-Person Contract Intervention

A very effective intervention for two-person conflict is the Two-Person Contract Intervention (French & Bell, 1999, p.185). This intervention involves three steps:

1. "Positives" List: Each party writes what he/she likes about the other. No negatives are allowed here. Consultant must emphasize understanding, not agreement.
2. "Pain/Resentment" List: Each party writes about behaviors causing hurt, anger, resentment, or embarrassment. Consultant must keep discussion focused on understanding, not debate or

justification for behavior.

3. The Contract--an agreement involving the following statements:
 - a. It would contribute to my effectiveness if you did more _____.
 - b. It would contribute to my effectiveness if you did less _____.
 - c. It would contribute to my effectiveness if you continued _____.
 - d. I am willing to do ___ to contribute to your effectiveness.

This contracting step is similar to the "Role Negotiation" idea of each party's being willing to give up something. We will discuss the Role Negotiation intervention next.

Role Negotiation Technique

The Role Negotiation Technique is a controlled, highly structured negotiation used for individuals who are unwilling to work with the other party. This technique is appropriate when there are high levels of conflict.

The Role Negotiation Technique is based on the following assumptions:

1. People prefer a fairly negotiated settlement rather than unresolved conflict.

2. People will honor a contract in which they agree to change a behavior in exchange for a change by another person.

It is essential that the OC consultant maintain a controlled, highly structured atmosphere. A climate of anger or rage leads to defensiveness, not collaboration.

The consultant must establish the negotiating/contracting guidelines. This process includes setting the climate and clearly presenting the ground rules. The ground rules include the following:

1. Discussion must focus on work behaviors, not feelings about others.
2. Individuals must be specific about what they want. Universal concepts and theories must be replaced by specific requests.
3. All expectations must be in writing.
4. Any agreed-to change must be reciprocated.

Similar to the Two-Person Contract Intervention, the parties should write out what they want the others to do: more of, less of, or maintain. Each participant should write statements such as:

1. I want more of _____ from _____.
2. I want less of _____ from _____.

3. I want _____ to continue _____.

The negotiation phase requires strict supervision from the OC consultant. Each person must give something to get something. Reciprocity is essential in this technique.

Essentials of Conflict Management

There are many other conflict management interventions in use today, of course. But there some essential processes used in all conflict management interventions. The first three on my list are essentials for the consultant:

1. Consultant optimizes the tension (a moderate level of tension should be maintained).
2. Consultant must focus discussion on specifics and clarity.
3. Consultant allows for differentiation before integration (negative feelings are aired before solutions are sought).
4. Both parties are motivated to resolve the conflict. Each party sees a benefit in resolving the conflict.
5. There must be a balance in situational power. One party must not be able to force compliance with his or her will.
6. A collaboratively developed action plan must be created by the parties. There must be buy-in on both sides.

Two Types of Conflict

Finally, it is important to keep in mind that there are two types of conflict: one based on communication and one based on substantive issues. I once heard a counselor say all marriage problems are communication problems. I disagree.

Many marriage problems, or any other relational problems, are communication problems. There are numerous techniques available for OC consultants to facilitate the resolution for communication problems. These techniques usually involve restructuring perceptions and/or empathetic listening.

Conflict based on substantive issues is quite different. Differences on substantive issues (beyond basic understanding of the other party's viewpoint) may require a negotiated settlement under which each party must give up something. In some situations, a negotiated settlement may not be acceptable to either party. Using marriage as an example, if the husband wants to live in New York and the wife wants to live in San Francisco, a compromise to live in Kansas City may not satisfy either party.

The OC consultant should be aware of the difference between the two types of conflict when diagnosing the data he or she has gathered from the client.

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Conclusion

In this e-book, I have provided an overview of the most commonly used OC interventions available to change leaders and consultants. Obviously, I have not covered all of the interventions that exist. I have purposely omitted some interventions that I have used successfully in practice. Some interventions are only appropriate in very rare situations.

As I said in Chapter 1, I have limited the scope of this e-book to an overview of OC interventions. I have not attempted to cover the critical steps of data gathering and diagnosis (two important steps in the Action Research Model). I have not discussed how to build an effective consultant-client relationship. And I have not covered the process of evaluating the OC intervention or the OC consultant. For further study of these topics, please see *Strategic Organizational Change* (Beitler, 2003).

As stated in Chapter 1, I believe it is critical to take a strategy-driven approach to organizational change. Don't try to implement the interventions in chapters two through five without the organization's strategic plan clearly in mind.

Finally, it is my goal to provide my clients with the best possible products (books, e-books, e-newsletters) and services

(keynote speeches and workshops). As you implement these strategic, structural, cultural, and human process interventions, please let me know about your experiences. I would like to share your thoughts with my e-newsletter subscribers (with your permission, of course!).

All the Best!

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Dr. Michael Beitler (pronounced Bite-ler) is the author of two books, "*Strategic Organizational Change*" and "*Strategic Organizational Learning*." Mike began his 30-year career as a management consultant with one of the world's largest consulting firms. He has earned an international reputation as a keynote speaker, workshop leader, consultant, and author.

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Mike's enthusiastic speaking style has made him a popular speaker at conferences and conventions. His enthusiasm reflects his passion for his work!