

Creating Profound Change Through Collaborative Organization Design

by

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Organizations try to respond to the endless shifts in the business environment in a variety of ways. What is often underestimated is the depth and scope of the change required. To achieve deep and lasting change, an organization's members need to look outside and inside their organization and themselves for the information, inspiration and wisdom to envision and create their dreams. In this article, the authors describe a comprehensive approach that has been successfully implemented in a variety of organizations and that incorporates the best of existing approaches into a clear, enabling and impactful process.

Profound, very deep or low; marked by intellectual depth; deeply or intensely felt; thoroughgoing: as profound changes in our mode of living; unbroken: as, a profound silence.

Collaborate, to work together.

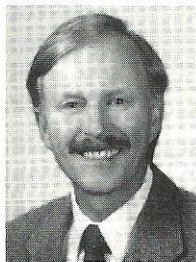
Design, to intend or set apart for some purpose; to make original plans; the arrangement of parts, details, form, color, etc., especially so as to produce a complete and artistic unit.

By design, with deliberate intent.

— Webster's New World Dictionary



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Introduction

Many organizations and their leaders understand the need to respond to the endless shifts in the business environment. They try a variety of ways to meet the need. They redraw the boxes on the organization chart, implement quality programs, push employees through batteries of training programs, and/or try to change the organization's culture. Frequently they only create change that is frustratingly limited in scope or duration. What is often underestimated is the depth and scope of the change required and the resources that need to be tapped to achieve truly profound change.

To achieve profound change, an organization's members need to look outside and inside their organization and themselves for the information and wisdom to envision and create their dreams. The resources of mind and heart, body and spirit need to be engaged.

In this article, we want to introduce our colleagues to an approach that engages those resources and leads to the profound change that is required for many organizations if they are to survive and flourish. We call this process "Collaborative Organization Design". The intention of the process is to inspire and enable members of organizations to rebuild their organizations in ways that respond to the challenges and opportunities in the environment, to customer needs, and to their own aspirations; and, to do so in ways that are understood and supported by those expected to do the rebuilding. The approach integrates the best of systems theory, organization and work design, visioning technolo-

gies, sociotechnical systems perspectives, collaborative problem solving, quality programs and organizational models into a clear and impactful process.

Criteria For Using The Approach

The approach described below can be implemented with an entire organization or the major units of an organization (e.g., a manufacturing facility or an operating company). The size of the organization can number from 25 to several thousand people. (We recommend that this process *not* be done with any organization of less than 25 because the benefit/cost ratio is not favorable.)

Given the comprehensiveness of this approach, it is to be used when it is time for an organization's members to recreate their organization, not just fix it. This process is to be used when an organization is interested in a "step change" (i.e., rapid and fundamental change), not incremental change or continuous improvement.

Such a comprehensive change process is only called for under one or more of the following circumstances:

1. Internally, there are changes in key leadership positions, organizational strategy, major objectives; and/or significant changes in products, services or the volume of products and services being offered.
2. Externally, there are important changes in the business environment (e.g., customers, environmental concerns, market demand, technology, economic trends, regulations).
3. There are serious and recurring problems with the quality of products and/or services; overall productivity and/or profitability; or commitment of employees.
4. There is a potential for meaningful increases in quality, productivity, profitability and/or commitment of employees.

In addition, the organization's leadership must be deeply committed to creating a "high performance/high commitment" organization through a collaborative process and be willing to invest the resources required.

Pre-work and Prerequisites

For an organization to successfully undertake a Collaborative Organization Design effort, several conditions and agreements need to be in place. These conditions and agreements can take up to one year to create. It is imperative not to move too quickly and start the process prematurely. Most organizations have had too much experience with change processes that began on too flimsy a foundation and then floundered mid-course. The conditions and agreements include:

- Top managers understand the process, are committed to it, and have the skills to carry it out.

- The boundaries and constraints are crystal clear (e.g., time frame, budget, decision making process, union contract).
- The basic organizational unit that is the focus of the design effort is identified (e.g., the whole organization, portions of the organization).
- If the organizational unit that is the focus of the design effort is a subset of a larger unit (e.g., the operations department of a plant), the mission and vision for the umbrella or parent organization are in place.
- Top managers agree on the overall purpose and scope of the project, definition of roles and responsibilities, and resources to be committed to the effort.

Once these conditions and agreements are in place, the organization's leadership can establish one or more design teams to carry out the design effort. Design teams are temporary teams, or process vehicles. Their purpose is to assist the whole organization to understand the present, paint a picture of the desired future, and decide how they will create that future. They develop, recommend, and implement the design or redesign of their organization using an open systems approach and a collaborative process.

Design teams are a "diagonal slice" of the organizational unit to be analyzed — that is, each major level (e.g., supervisor, exempt, non-exempt) and each major function or specialty (e.g., scientist, engineer, technician, administrative) is represented. The teams of six to eight members are also as diverse as possible with regard to age, gender, race, ethnicity, education, experience, tenure, attitude, and point of view. These teams need to pass the "bulletin board" test. That is, the other members of their organizations must see the design teams as credible, capable, and representative of the larger population.

Defining the organizational unit or units to be analyzed and the number of teams to establish are critical decisions. A discussion of the variables to consider in making these decisions is beyond the scope of this paper. However, as an example, where there is significant reciprocal interdependence among major organizational units (i.e., a tremendous amount of time is spent coordinating work across organizational boundaries or "going around" the structure to get work done) then it probably makes most sense to establish one design team for the whole organization. However, where the organizational units have relatively independent work processes or sequential interdependence, then it probably would make most sense to create design teams within each of the major organizational units. This allows the teams to focus at a deeper level within their own organizational unit.

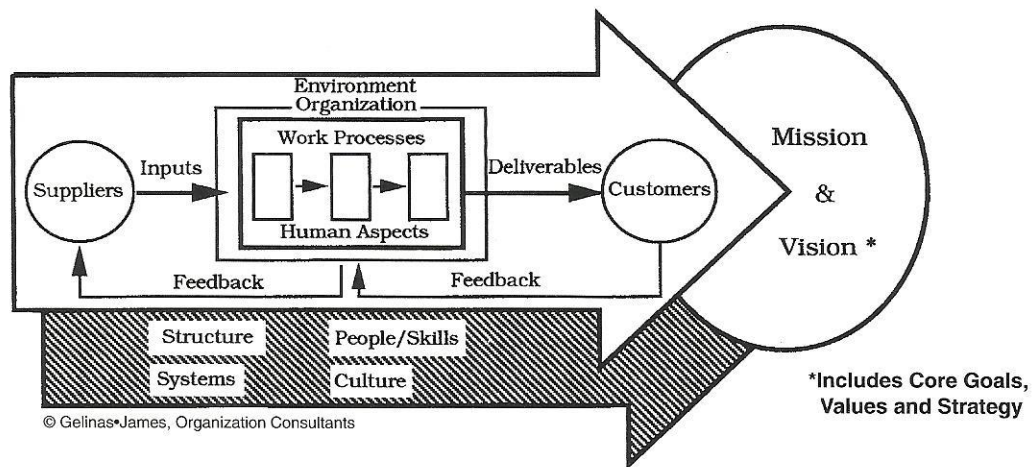


Figure 1—Elements of Organization Design

What Is "Design?"

"Design" is usually equated with structure, and structure is usually equated with the boxes and lines on an organization chart. To us, "design" is a very comprehensive term and includes *all* aspects of an organization. "Design" includes work processes, deliverables, inputs, and feedback mechanisms. It also includes the mission and vision of the organization, its core goals and values, strategy, structure, systems, people, skills, leadership style and culture. (See Figure 1)

Work processes are the ways in which critical decisions are made and products or services produced. *Deliverables* are what is provided to customers. *Inputs* are the materials, information or services needed to produce the deliverables. *Feedback mechanisms* are the vehicles through which the organization finds out whether it is meeting customer needs and requirements.

Core goals and values are the broad notions of future direction, the ways in which the organization wants to distinguish itself. They are also what the organization stands for.

Strategy is the organization's basic approach to achieving its mission. *Structure* is not just the boxes and lines on an organization chart. It includes definition of organization units, levels and spans of supervision, job design, delegation of authority and the actual physical layout of the work areas.

Systems are the procedures, formal and informal, that make the organization run. These include planning and goal setting, monitoring, communication, resource allocation, organization learning and renewal and human resource systems (e.g., compensation, evaluation, promotion).

People and skills include the types of professions and skills of the people in the organization and those needed to do the work. It also includes the need, potential, and resources/methodologies for development of skills and

capabilities. *Culture* includes the leadership style and the behavioral norms required for the organization to achieve its mission and vision.

It is our intention in this comprehensive approach that *all* aspects of an organization are analyzed to see whether change is needed.

Collaborative Organization Design

Once the design teams are identified, they begin to work through a Collaborative Organization Design process. Here is an overview of the six phases of that process. (See Figure 2)

In the initial phase, *Education and Planning*, the teams learn about the overall purpose of the change effort, their charter or job, the boundaries or constraints on their work, what organization design includes, and what is involved (both tasks and tools) in each phase of the process. They plan how they are going to accomplish their task, and how they will work and function as a team. They also define their key stakeholders and how and when those key stakeholders will be involved in each of the phases.

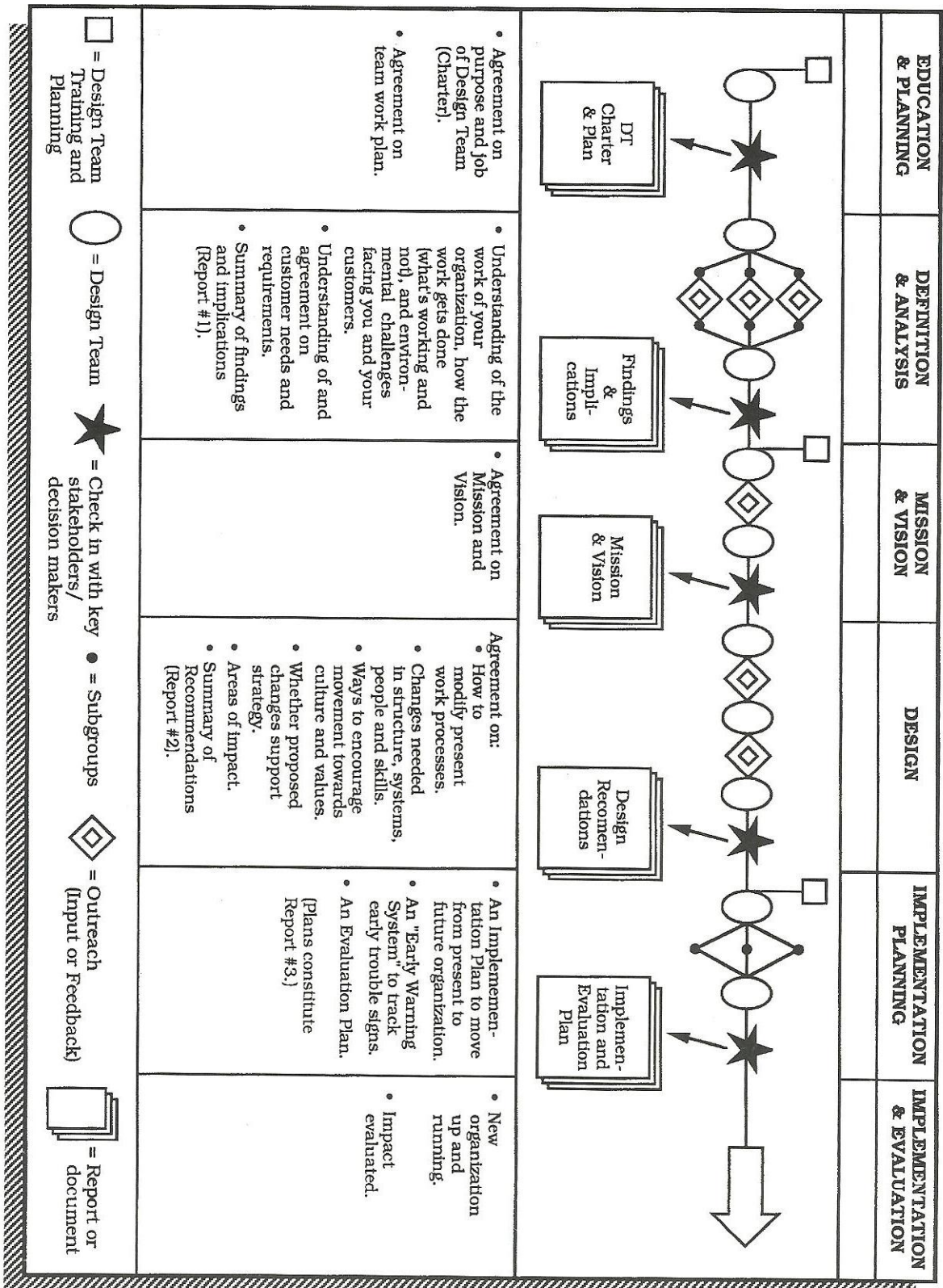
In an initial three-day training and planning session, the teams wrestle with two foundational questions:

- What is Collaborative Organization Design? What's involved?
- How will our design team approach this task of design?

In *Definition and Analysis*, the teams define and analyze their organization. This includes assessing the opportunities and challenges in the business environment, determining customer needs and requirements, and examining work processes, inputs, customer feedback mechanisms and the human aspects of their work. The questions they seek answers to in this phase are:

- Who are our customers? What do they need?
- What is going on in the business environment that is affecting or will affect us? Our customers?

Figure 2—Map of Design Team Process



- What do we deliver to our customers? Do the deliverables meet our customers' needs and requirements?
- Which deliverables should we continue to produce?
- What do we need to produce those deliverables? Do our inputs meet our needs and requirements?
- How do we produce our deliverables? What is working well with our work processes? What is not? Why?
- Do we receive the feedback we need from our customers? Do we receive it when we need it?
- Which aspects of our organization encourage commitment and performance? Which do not?

In this phase, the job of the design teams is to plan, gather data, analyze the data, and feed it back to their constituent organizations. The feedback tests whether the team is on target and builds understanding and agreement.

In the *Mission and Vision Phase*, the teams shift from the present and past to the future. They agree on why they are in business (Mission) and on what they are attempting to create (Vision). The Mission and Vision build on their organization's values and aspirations and on customer needs and requirements. The key questions for this phase are:

- Why does our organization exist?
- What is our picture of the desired future state of our organization? What will we be doing? How? What will we be accomplishing?

To make sure the vision is a complete picture of the desired future we ask the teams to consider questions that touch on each of the elements of organization design noted earlier (e.g., "What do we want to be known for? What are our core values? What are the characteristics of the structure that will be best suited to fulfilling our mission and implementing our strategy? What kinds of systems do we need to implement our strategy in a way that is consistent with our core goals and values? What do we want to be the hallmarks of our culture and style of leadership?")

It is helpful in this phase to provide teams with information about best practices in different types of organizations in order to inspire their thinking and expand their sense of what is possible. In addition to this information, the use of more evocative technologies can increase their ability to think and dream about their future. Those we have used include story telling, drawing, inspirational films, symbols, and outdoor challenges.

In the *Design Phase*, teams design or redesign their organizations based on the mission and vision and on findings from the Definition and Analysis Phase. Design includes work processes, strategy, structure, systems, skills, leadership style and culture. The questions to be answered in this phase are:

- How do we want to design our organization to best serve our customers and achieve our mission and vision?
- What do we hope to accomplish through this design effort?

It is essential at this stage to provide teams with some "expert information" about organization design (e.g., factors to consider in determining structure, variables affecting the span of supervision, tips about moving towards self-managing teams, concepts important to creating meaningful jobs, elements of effective communication, planning and decision making systems).

The *Implementation Planning Phase*, an activity so often overlooked during change efforts, is a critical juncture. Up until this point the teams have been focused on what they are doing now and what they want to be doing in the future. Now the teams determine what needs to happen to move them from the present to the future. This includes identifying the specific steps, responsibilities, resources needed and target dates for implementing the design and anticipating the stumbling blocks that will no doubt be in the way. The questions to be answered here are :

- How are we going to move from our present organization to our new one?
- How are we going to monitor progress and watch for early signs of trouble?
- How will we know if we have accomplished what we hoped to accomplish in our design efforts?

During the *Implementation and Evaluation Phase*, teams implement the various recommendations developed during the Design Phase. The group tasked with coordinating, monitoring and evaluating implementation ensures that the design is being implemented as intended, makes in-flight corrections as needed, and assesses whether the design is having the desired impact. Questions that are the focus of this phase are:

- Is our new organization doing what we want in the manner we want?
- What impact has the new design had?

Most teams complete the first five phases, Education and Planning to Implementation Planning, in six to eight months. With more time teams risk drowning in details and expanding their efforts beyond the most pivotal issues. Momentum and morale also become problems. With less time, teams are burdened with too large a task and too little time. They either spin off into frantic activity or become immobilized. The final phase, Implementation and Planning, can take from one to three years depending on the complexity and depth of the changes recommended.

Salient Aspects

Some salient aspects of Collaborative Organization Design include the following.

Comprehensive and Integrated. Certainly there are many approaches to change. Each approach has its gifts and its limitations. Open Systems thinking can make things so theoretical and complex that an organization does not know what to do. Sociotechnical Systems Analysis can drown in too much detail. Organization Development can focus too much on the human considerations and forget the wiliness and unforgiving nature of the market place. Organization Transformation can make a change process seem more mysterious and numinous than their clients can comprehend. Collaborative problem solving can overlook the client's need for expert input on particular aspects of design (e.g., on structural options that clients can adapt to their own purposes). Quality programs can emphasize the individual work processes and lose sight of the organization-wide issues that undermine quality.

Collaborative Organization Design attempts to balance and integrate the gifts of each of the above-mentioned approaches into a process that is focused on both the "harder" business aspects of organizations (e.g., strategy, structure, systems) and on those that are "softer," the human and spiritual side of organizations (e.g., core goals and values, culture, and leadership style).

For example, Collaborative Organization Design focuses on the work as the cornerstone for design (STS). It emphasizes the interdependence of an organization and its environment and the need for "fit" among all elements of an organization (Systems). It pays equal attention to human considerations in every phase (OD). It focuses on meaning and spirit through evocative technologies (OT). The outcomes of each phase are accomplished collaboratively and appropriate tools are used to diagnose and resolve organizational issues (Collaborative problem solving). Customers and their needs are the primary focus for the whole process (Quality).

Collaborative. Frequently organizations are "designed" on the back of an airline napkin at 40,000 feet by one or very few people. Here, "design" usually means boxes and lines, who reports to whom and who will have the corner offices.

In order to make decisions that make sense and that are supported by those expected to implement them, a more involving process is needed. Those who know the business, who know the work, who know the customers and who know what does and does not work need to be involved in making decisions about how their organization is designed. (Remember, "design" includes work processes, deliverables, inputs, feedback mechanisms, strategy, structure, systems, people, skills, leadership style and culture.) For this approach to be successful, key

stakeholders need to be involved at the important decision making points at the end of each phase. They need to be involved in the definition and analysis of the work and in the assessment of customers and the business environment. They need to be involved in the generation of options during the Mission and Vision and Design Phases and in the development of the Implementation Plans that they will be expected to implement or support in the final phase.

It is important to note that "involved" does not mean trying to make consensus decisions with hundreds of people. Not only does this not work, it frustrates everyone in the process and creates too many reasons to revert to "back-of-the-napkin" decision making. For a collaborative process to work, various levels of involvement need to be defined and understood by participants. Involvement can mean being kept informed, providing input, providing feedback, and/or being one of the decision makers.

The principles underlying Collaborative Organization Design include the following:

- Those who create tend to support.
- Create various levels and vehicles for maximum, appropriate involvement of key stakeholders.
- The change process itself must mirror the organization you want to create.
- Make the process user-friendly (i.e., visible, explicit, accessible).

"Outside-in" and "Inside-out." During a change effort, balancing attention between business considerations and the aspirations and needs of the people in an organization is no small feat. If achieved, any changes implemented tend to be more meaningful, deeper and longer-lasting than if the changes were focused exclusively on business considerations alone or on the needs of the people alone. For the "outside-in" view, the teams consider their work in the light of the needs and requirements of their customers (Is it value-added?) and in the context of the challenges of the business environment in the Definition and Analysis Phase. Also, in the Mission and Vision Phase, the teams and their key stakeholders answer the question of why their organization exists in light of what they have learned in the Definition and Analysis Phase. For the "inside-out" view, the teams analyze their work in the Definition and Analysis Phase in terms of what is supporting or hindering their performance and commitment. And in the Mission and Vision Phase they take time to dream, to define the future they want to create for themselves and for the whole organization. This is where they individually and collectively dig deep into their hearts and souls to ask themselves what is most important to them, what makes work meaningful to them, and what they want to create for themselves and their customers.

Sequence. In many change efforts, the Mission and Vision are developed *before* defining and analyzing the organization. We have found that developing these two foundational statements *after* this step makes the statements more pertinent and applicable. This sequence helps avoid the "sloganeering" that can occur with the development of mission or vision statements and engenders statements that are meaningful and focused on business issues and human concerns.

Focus on Core Issues and Dreams. It's easy to get lost. Once an organization starts to look at issues and aspirations, a flood of information and perspectives come to the fore. This is particularly true when the process is collaborative. One of the major challenges in any effort is to find the key logs in the log jam and to identify the key aspects of everyone's aspirations that are at the heart of the dream. There are several ways to find the key leverage points in any change process. They include a constant and rigorous following of the 80/20 rule; summarizing the key findings, decisions, and implications at the end of each phase before moving onto the next; focusing on *key* decision points and work processes, *key* products and services, *key* customers; working through the first five phases of the process in no more than six to eight months; and periodically performing "level checks" to take an honest look at whether the effort is lost in details and missing the key aspects of what is needed and wanted.

User Friendly. If you assume, as we do, that organizations are going to need to be in a continuous process of change, then members themselves need to change their organizations and to know how to do it again. The process needs to be understandable and useable so that it can be repeated. Making the process user-friendly, educative, inspiring, and not onerous can help build that needed know-how.

Process maps (See Figure 2) help make the process visible, explicit and accessible. Design teams post large, colorful versions of these process maps in their work areas with the dates for each phase clearly noted. We also created a 350-page workbook to support the teams working through each of the phases. This builds their confidence and ability to use the process again in the future.

Led By The Line. We have all probably seen or heard of change efforts that were led by a staff function (e.g., quality or organization development consultants, human resource development trainers). We may even have participated in these well-intentioned and ill-fated efforts. We believe it is imperative that the design teams be led by the managers of the organizations who are the focus of the design effort and that the leader of the parent or umbrella organization be directly involved as the sponsor for all the design teams in his or her organization. This process has had the most positive impact when the task of leading the design effort was formally incorporated into the performance expectations of the design team leaders.

In the early stages, consultant support is usually needed for one to two days a week. This level of support usually tapers off to one day every month in the Implementation Phase. The consultant's role is to work directly with the teams as coach, process guide, facilitator and provider of expert information (e.g., options for structural orientation, best practices in other organizations and industries, principles of effective work processes or job design). However, leadership of the change effort must remain in the hands of the organization's leaders.

Integrated With Existing Quality Efforts. If an organization already has an ongoing quality effort, it behooves us as consultants to integrate our framework, concepts and tools with theirs. We can play an instrumental role in leveraging what the client already knows about change and what we are introducing into their organization by helping integrate all the aspects. Collaborative Organization Design seems to be a useful integration tool for some of our clients.

A gracious client who also happened to be an internal Quality Consultant once noted that the approach described in this paper was the best approach to quality he had ever seen. His comment, we believe, came from the fact that in implementing this process in his organization we "customized" it by integrating the "quality" language, tools and concepts current in the organization into the implementation of the process and the development of supporting materials.

Changes Implemented

Some examples of the changes that design teams have made in their organizations as a result of this process include:

- Creation of peer and upward appraisal systems
- Development of self-managing teams
- Shift from functional to customer-focused structures with customer liaisons
- Quarterly assessment and feedback meetings with customers (a diagonal, representative slice from each of the organizations)
- Rotational assignments to customer organizations or among internal jobs
- Suppliers involved in customer business planning
- Development of predictive and preventive maintenance programs
- Integration of the environmental compliance and monitoring function into the line organization
- Shifts in supervisor roles from doing and controlling to planning and developing employees

- Promotion based on achievement of a balance of technical, interpersonal and leadership knowledge and skills
- Elimination of steps in the work process. Creation of parallel paths to get the work done.

Results

Results of this approach to change include: an ability to create and sustain competitive advantage; a positive effect on core work processes (e.g., reduced cycle time, higher product quality, better coordination of internal work units); an increased ability to meet customer needs and requirements and to respond and adapt to changes in the business environment; augmented alignment or "fit" among all elements of the organization; deeper commitment to mission, vision and goals at all levels; more innovation and creativity; more empowerment and self-sufficiency at all levels and a decreased reliance on the hierarchy; and, finally, dramatic increases in knowledge and skills (e.g., business, analytical, interpersonal, organizational, leadership).

One client organization, for example, last year had a perfect safety record for the first time in the forty years of its existence and reduced its production costs by \$5.4 million (5% of the total). This same organization was

among three finalists to receive the corporate Chairman's award, an award that is based on operating performance, safety, continuous improvement efforts, community service/relations, and environmental responsibility. It is a great honor to simply be nominated. Another client successfully completed the merger of three organizations into one. Another improved its cycle time by over 35%. One organization president noted that the design teams were "high performance" teams, a model for the rest of the organization.

Summary

Given the endless shifts in the business environment, organizations need to recreate themselves while maintaining the day-to-day business. This is more a requirement than a luxury. In the recreation process, every aspect of the organization must be examined for the need to change. Thus, the change process itself needs to touch every aspect of an organization to engender fundamental change, and yet be simple and effective so that it can be repeated when required. We believe Collaborative Organization Design satisfies these requirements.

V/A

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