

Creating Real and Lasting Change Through Collaborative Organization Design

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It sounds so simple. Prepare for the future while improving your organization's current performance. Stay close to the customer and simultaneously install new technology. Align everyone in the organization around the company's strategy while, at the same time, completely transforming your primary business processes. And, as if this weren't enough, also be clear about the organization's purpose and its global contributions.

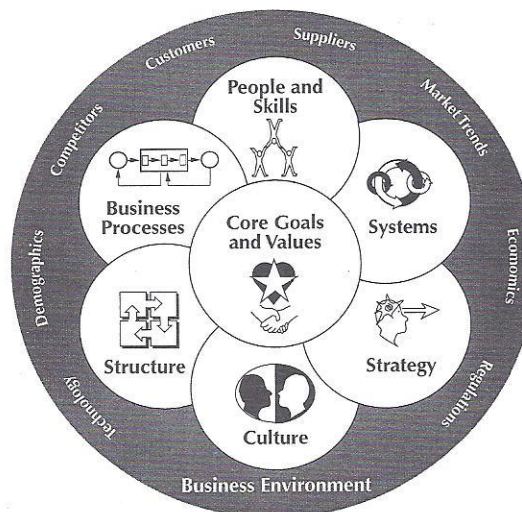
As anyone who has tried to accomplish any one of these things knows, all of this is easier said than done. With each of these tasks there are significant challenges, ones which split your attention and sap your energy. Amongst these challenges are the following: mobilizing everyone's attention on both the short and the long term health of the organization; serving customers superbly while preparing for the future; creating a compelling vision while

balancing participation and progress; corralling the commitment of leaders to change; understanding and changing an organization's culture; and, building agreements among diverse stakeholders about the desired future and how to create that promised land.

The two of us, as friends and business partners, have been wrestling with these challenges for a long time. We've worked together on more than 30 significant change efforts in businesses across all kind of industries. As a result of this work, we have developed our own approach

to creating change, which we are calling Collaborative Organizational Design. In this article, we want to: (1) describe this approach, showing it as one which meets all the key challenges and dilemmas, thereby creating real and lasting change; (2) describe the pivotal role that leaders and agreements play in ensuring that this approach is successful; and (3) delineate the prin-

— Diagram 1 —
Elements of Organization



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ciples that underlie Collaborative Organization Design, ones which, if used well, will help you make the change initiatives you're supporting more effective.

An Overview of Collaborative Organization Design

As a change methodology, Collaborative Organization Design enables people to comprehensively transform their organization. In part, this is because sufficient numbers of people come to understand, in a general way, what change is, but more specifically, it's because they all come to agree with each other regarding the changes in their organization that are necessary. Our approach to change — from day one — begins with and focuses on those agreements that must be built at every level, starting with the senior leaders. This focus and emphasis on necessary agreements continues throughout our process.

Collaborative Organization Design has six characteristics which, when present in their entirety, help our clients achieve the results they're after. Collaborative Organization Design, as a methodology, rigorously pursues these characteristics, so it's worthwhile exploring them one by one.

1. It's Comprehensive. Piecemeal, incremental change initiatives rarely lead to the degree of change that most organizations seek. Collaborative Organization Design is a more comprehensive approach. It considers all organizational elements, and the fit or alignment among

Business environment includes customers, suppliers, competitors, market trends, economic trends, advances in technology, governmental regulations, and demographic shifts. Core goals and values are what the organization wants to achieve and what the organization stands for and holds dear. Strategy is how the organization creates unique value and positively differentiates itself from its competitors. Business processes are the activities through which products and services are created and delivered. Structure includes how people are organized in relation to each other and to the business processes. Systems are the procedures, hardware and software which make the organization go. They include planning and goal setting, monitoring and controlling, information, communication, human resources, resource allocation. People and skills comprise the organization's core competencies and include the types of professions, knowledge and skills of the people in the organization. Culture is the norms of the organization, "the way we do things around here."

these elements. This is required if organizations are to achieve the significant changes they need to make. Diagram 1 illustrates the interdependence among the Elements of Organization that we see and the importance of their alignment.

2. It's Collaborative.

Change processes are more effective when they are collaborative — that is, they involve those who will be most affected by the change. The greater the degree of involvement with the change initiative, the less "selling" time that's needed prior to implementation. There is no substitute for involvement to generate commitment. And, there's no substitute for commitment to create real and lasting change. When those who are being asked to change understand how and why they need to change, and they are a part of the process of determining what change is needed, implementation is significantly more achievable and efficient.

Please see the Principles of Collaborative Organization Design for further discussion of collaboration. One of the first agreements we pursue through our Collaborative Organization Design process is

the degree of involvement desired or required for the process to succeed (see Phase I, Develop the Foundation beginning on page 38).

3. It Builds Agreements. Organizations operate through a series of implicit and explicit agreements. These agreements concern many aspects of an organization. For

example, the agreements involve an organization's mission (we transport people and goods); its customers (we serve the business traveler); or its culture (we do not confront one another in meetings). At base, creating change is about confirming old agreements or building new ones about what an organization's leaders and members want to accomplish and contribute.

Change initiatives are more likely to by-pass the critical pitfall of everyone, including the leaders, thinking they are victims of circumstances if options are identified and key stakeholders have built agreements with one another about their organization. Collaborative Organization Design focuses on building agreements about the present situation, the desired future, and how to create that desired future. (See Principles of Collaborative Organization Design for additional discussion about agreements in change initiatives.)

4. It's Managed to Outcomes and Deadlines.

In complex change initiatives, it is easy to lose sight of the overall purpose of the project when, day-by-day, you are enmeshed in the myriad of activities and mountains of data

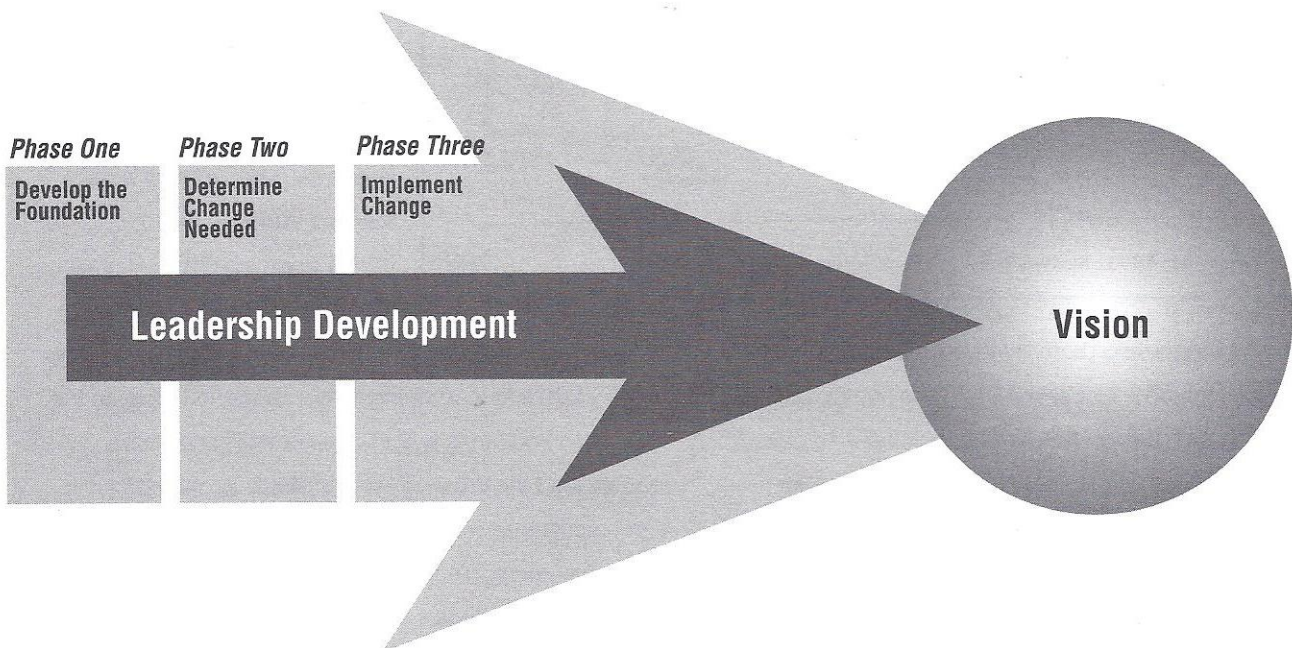
that a complex change brings. You can only avoid this trap by identifying specific business outcomes for the initiative, dividing the complete initiative into discrete phases, and targeting specific outcomes into the appropriate time frames. The phases and outcomes for Collaborative Organization Design are described below.

5. It's Client-Led. Leaders cannot delegate leading a change initiative to staff members or consultants and expect to achieve their purpose. Leadership of change initiatives needs to remain in the hands of the leaders. This is why the first phase of Collaborative Organization Design focuses on building agreements among the leaders on three critical issues: (a) the purpose of the initiative; (b) the approach to creating change; and (c) the leader's role in it. (See Principles of Collaborative Organization Design and Phase I, Develop the Foundation.)

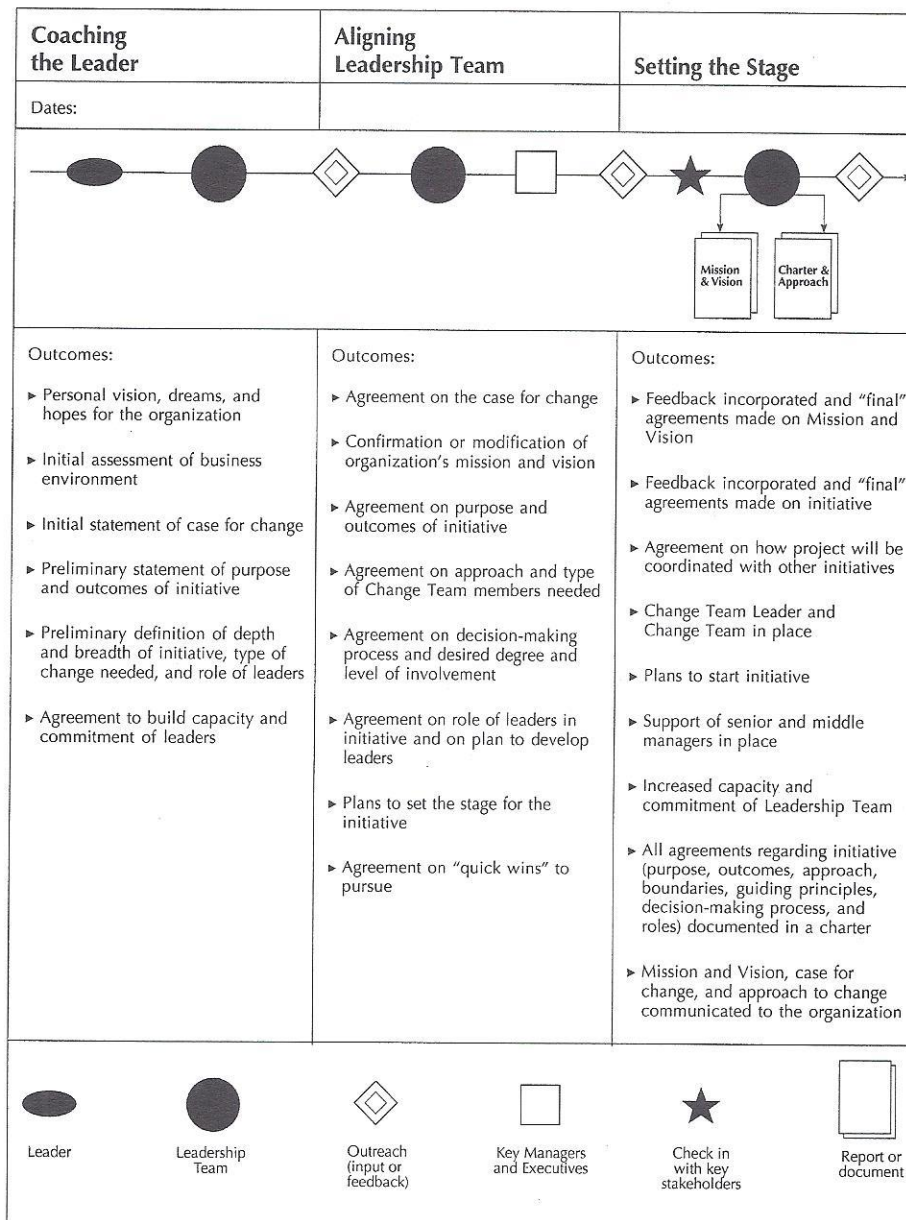
6. It's Explicit. If the process is clear, explicit and user friendly, then organization leaders and members are better positioned to lead it, participate in it and learn from it. If organizations are going to continue to change. Then

— Diagram 2 —

Collaborative Organization Design — An Overview



— Diagram 3 —
Phase One: Develop the Foundation



The Collaborative Organization Design Process

Collaborative Organization Design includes three separate, but consecutive, phases (see diagram 2). Leadership Development is the one activity which runs throughout all the three phases.

Each of these phases builds on the previous one. Although each phase is important, the first phase — Develop the Foundation — stands as critical to the rest. The solidity of the agreements built among the leaders in this first phase determines whether or not their change initiative will produce real and lasting organizational change.

PHASE 1: Develop the Foundation

The purpose of this phase is building all of the necessary agreements among the senior leaders of the organization. In particular, there are four key issues requiring explicit agreements: (1) the reason for change; (2) the purpose of the initiative; (3) the parameters of the ap-

proach to the change effort; and (4) the leaders role in this effort. These four agreements are important because the conviction and tenacity with which the organization's leaders lead the initiative is significantly impacted by the agreements they make around these four issues. The strength of the agreements made is the foundation for change and it is determined by the degree of alignment among the leaders of the organization. Thus, it is critical at the start of a change initiative to both test and set their

building an organization's ability to learn and change, is critical to a long and successful life. Thus, the Collaborative Organization Design process is depicted in "process maps" (see below) and is described in handbooks for leaders and the Change Teams appointed by the leaders. These handbooks include concepts, tools and worksheets which help leaders and Change Teams work faster and successfully complete all key steps in the process.

level of commitment.

The work begins with the top leader of the organization and ends with the senior leaders of the organization building agreements among themselves and with those they appoint to help create change in the organization (Change Team).

The process map shown in diagram #3 captures the outcomes of each of the three sub-phase within this first phase.

Phase 1-A: Coaching the Leader. Whether the focus of the change is a portion of a larger organization (unit, section, department) or the whole organization (operating company, strategic business unit, holding company), the leader of the organization must have some "fire" in his or her belly to effectively lead a change initiative. The "fire" can come from his or her own personal vision or dream for the organization; pressures from investors, customers, or stockholders; threats from competitors; evolving markets or technologies; or some combination of these four.

The pivotal first step in building a strong foundation for a change initiative is for the leader to be clear about his or her dreams for him or herself and for the organization as a whole. The more the change initiative is linked to both the leader's personal and organizational vision, the more likely it is that the leader will have the tenacity to shepherd the changes through to completion. For example, in a large academic health care institution, the key physician leader's hope for himself was to help increase accessibility of health care to all people. His commitment to transform the medical center was extremely high because it was connected to his personal vision for health care.

By the end of this sub-phase the leader should:

- Be clear about his or her personal vision, dreams and

hopes for the organization.

- Have an initial case for change, including his or her assessment of the current and future business environment.
- Have done his or her own initial thinking about the depth, breadth and type of change needed.
- Have done some preliminary thinking about the role of his or her subordinates in change and how to go about building their capacity and commitment to lead a change initiative.

Phase 1-B. Aligning the Leadership Team.

Attempts to create significant change will fail if the leader of an organization attempts to handle all the challenges and dilemmas alone. The leader needs to build the understanding, commitment, and capacity of his or her managers. By doing so, the leader expands the leadership of the initiative and significantly increases the likelihood that it will achieve the desired results.

Aligning the leadership team involves making three sets of agreements. One set of agreements is about the purpose and approach to creating long-term change (the

change process). The second set concerns the role of the leaders in the change process and, because of this, how the various senior leaders need to change. The third set is about how to pursue the parallel path which finds both "quick wins" (changes which, in the short term, improve the current situation) and deeper change (accomplishments which move toward the final objective).

Building agreement on the purpose of the change initiative includes three important compo-

nents; the organization's mission, vision, and the more specific purpose and desired outcomes of the initiative itself.

The mission states why the organization exists. It should clarify the primary customer needs the organization aims to satisfy. The vision is an image of a desired future



state to which the organization aspires. This vision is most effective for comprehensive organization change when it addresses the desired future state of each Element of the Organization: (i.e., see Diagram #1, core goals and values, strategy, business processes, structure, systems, people and skills, and culture). If the organization does not have a current statement of vision and mission in place, it is critical that they develop one. The mission and the vision provide the over-arching goal and context for a major change initiative. However, if the organization already has a current statement of mission and vision in place, then all the leaders may need to do is confirm it or update it.

The purpose and desired outcome of the initiative are often more specific, short-term goals that support the mission and vision. For example, the vision of the Far East division of one of the world's largest apparel companies stated that they wanted to be the "Undisputed leader in preeminent customer service." One desired outcome (they called it a performance target) of the customer service improvement initiative was to "provide complete, accurate and on-time delivery of customer orders."

Building agreements on the approach also includes three components: (1) the approach (phases, outcomes, time lines, boundaries, guiding principles); (2) the degree and level of involvement (how many people involved to what level of decision-making); and, (3) the type of people needed for the Change Team (line managers, staff members, customers, suppliers). The principles noted later in this article are a good starting point for determining the principles that senior leaders want to guide the change initiative (pages 47-52).

Building these agreements may be

more challenging than the leader anticipates. Traditionally, senior managers have seen themselves as primarily responsible only for their portion of the organization. They are not used to considering the long-range future of the entire organization. They most likely have not seen themselves as leaders of change for the whole organization or functioned as an interdependent team with joint outcomes. These then may be a difficult stretch for them. They may not have the know-how to effectively manage their work together. Thus, the leader will need to commit

time and resources to building agreements with the senior managers on the need for change, their role in the change, and how they are going to go about developing the know-how to effectively add leading change to their present role of running the organization. This development will most likely involve team building activities and training in leading change.

By the end of this sub-phase, the senior leadership group should have agreed on:

- The case for change
- The current or revised mission and vision for the organization
- The purpose and outcomes of a change initiative
- The approach to creating change, including phases, outcomes, time frames, boundaries, guiding principles, roles and decision-making process
- Which "quick wins" to pursue
- Decision-making process and desired degree and level of involvement
- Their role in the initiative and a plan to develop the knowledge and skills they need to effectively act as a Steering Committee for the change initiative

Phase 1-C: Setting the Stage for Change. It is imperative that the

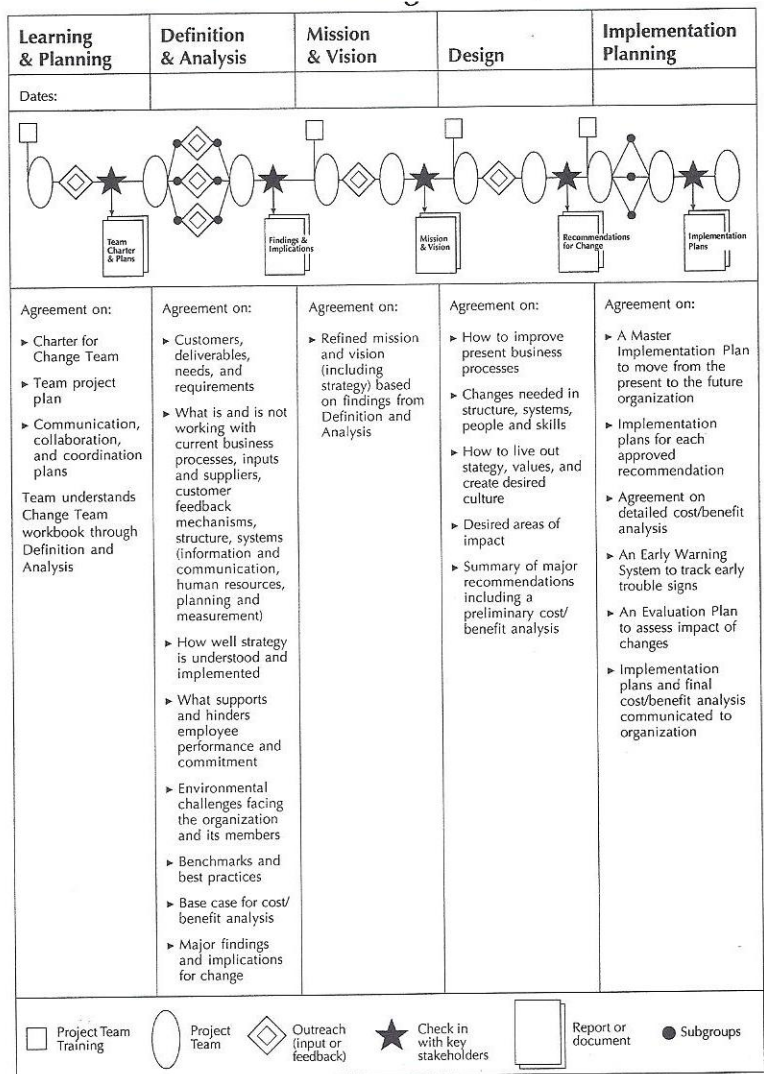
To mobilize the organization's attention, the leaders need to communicate the reason for change, enlist people's active support and involvement in the process, and communicate the process through which change will happen. Now is when the leaders reach further down into the organization to align the next layer of managers and/or supervisors and communicate to everyone...

foundation for change extends well beyond the leaders. To mobilize the organization's attention, the leaders need to communicate the reason for change, enlist people's active support and involvement in the process, and communicate the process through which change will happen. Now is when the leaders reach further down into the organization to align the next layer of managers and/or supervisors and communicate to everyone at all levels the agreements about the initiative that have been made thus far. This also is when the leaders appoint the Change Team who will help the organization assess the current situation and determine what changes are needed. Although they are called various names by different organizations (Design Team, Project Team, Change Team, Change Agents, etc.), for the purposes of this article we will call them the Change Team. The Change Team includes 12 to 15 people who represent various functions and levels in the organization. They are respected opinion-leaders, they understand the business, and they have good leadership skills. Ideally, the team is predominantly comprised of individuals who are responsible for the business (versus staff members).

By the end of this sub-phase, the senior leaders and the Change Team together have accomplished five key tasks:

- Gathered feedback from key stakeholders and made final agreements about the case for change on the purpose of, and approach to, the initiative;
- Summarized these agreements in a document called a charter (the charter includes purpose and outcomes for the initiative, phases, guiding principles, boundaries, time frames, roles, and decision-making process);
- Gathered feedback from key stakeholders about the mission and vision for the organization and made preliminary agreements in order to provide adequate direction to the initiative;

— Diagram 2 —
Phase Two: Determine Changes Needed



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- Communicated all of the above to the organization;
- Increased their capacity to lead change.

PHASE 2: Determine Change Needed

The purpose of this phase is to build agreements on how the organization needs to change to achieve its mission, its vision, and the desired outcomes of the initiative. It begins with the Change Team developing themselves as a team and planning how they will accomplish the charter assigned to them by the Steering Committee (the top leaders of the organization). It ends with the Steering Committee, the Change Team, and stakeholders planning how they will implement the changes they have

determined are necessary.

Phase 2 includes five sub-phases. During these phases, agreements are built about the current situation, whether modifications to the current mission and vision are required, how the organization needs to change, and finally, how to implement those desired changes. Building understanding and agreements at each stage is critical to successful and timely implementation.

During this phase, the job of the leaders is to participate in making decisions, enlist the participation and support of stakeholders, continue to educate people in the organization about the need for change, and develop their abilities individually and collectively to create change.

If an organization is to be ready to implement major change at the end of this phase, it is imperative that leaders begin to develop themselves as leaders. For example, in a large manufacturer of electrical equipment, the senior leadership team worked with a consultant to develop and implement a 360 degree performance evaluation process. The consultant gathered feedback on the team members' performance from superiors, subordinates, peers, customers, and suppliers. The findings were then fed back to each senior leader and used for individual coaching sessions and for developing the senior leadership team as a whole.

Phase 2-A. Learning and Planning. At this point, the Change Team has taken on an ambitious task. They are helping the entire organization determine how it needs to change itself. Consequently, they need to plan and implement a process through which members of the organization can build an understanding of the business environment, assess the strengths and weaknesses of their organization, agree on whether and how to modify the organization's current mission and vision, determine how the organization needs to change, and develop plans to implement those changes. It is during this sub-phase that the Change Team, in concert with the Steering Committee, makes the critical decisions about how to involve the stakeholders to the degree and level previously determined. In short, the Change Team is the vehicle through

which the organization learns and makes agreements.

In this sub-phase, leaders have two primary tasks. First, they must communicate to the organization the purpose of the project and their commitment to it. Second, they must demonstrate their commitment by making sure that the Change Team has adequate resources and support to do the job they have been asked to do.

Depending on the scope of the project, the size of the organization, and the degree of participation desired, sub-phase 2A can take anywhere from one to two months.

At the end of this sub-phase the Change Team has accomplished three critical assignments: (1) Confirmed their charter (the charter is the summary of all the agreements about the initiative including purpose and outcomes, phases, guiding principles, boundaries, time frames, roles and decision-making process); (2) Developed a project plan, including how they will achieve the outcome of each sub-phase, communicate and collaborate with others in the organization, and coordinate with other change initiatives; and (3) Increased their ability to work individually and collectively.

Phase 2-B: Definition and Analysis. This sub-phase often is a steep learning curve for the whole organization. The Change Team, in concert with the Steering Committee and other members of the organization, assess the business environment and profile the organization.

This includes gathering information about customers, their needs, requirements, and the challenges they are facing. It also includes gathering data about trends in the market, the economy, legislative and governmental regulations, competition, demographics, industry best practices, and advances in technology.

Profiling the organization involves gathering information about the strengths and weaknesses in the organization's current goals and values, strategy, business processes, structure, systems, people and skills and culture. Much of this knowledge resides within the members of the organization. Profiling the organization also includes an analysis of the current state of the business. For example, what are

the current sales volumes? What are the current profits? What is the return on sales? What is the current market share? How do these compare with competitors?

This is an ideal time to involve as many stakeholders as is practicable. Involving stakeholders accomplishes two critical tasks; it builds their understanding of the organization and it builds their commitment to improving the organization. Both of these are key to creating real and lasting change.

The methods for gathering this data includes individual or group interviews, small (up to 15 people) or large (15 to 100+ people) stakeholders meetings, observations, surveys and questionnaires, visits with other organizations, a review of organization documents and literature searches.

Additional "quick wins" may be apparent at the end of this sub-phase. For example, at an academic medical center, mistakes in gathering and documenting information while admitting patients was leading to losses of millions of dollars in revenues. At the end of this sub-phase, the Steering Committee and its Change Team sets up another team to quickly remedy this situation. As with the "quick wins" identified at the end of the Develop the Foundation Phase, it is important to continue to pursue these without derailing commitment to the Collaborative Organization Design process which, of course, is aimed at helping ensure the long-term life and success of the organization.

Depending on the scope of the assessment and the degree of involvement, this sub-phase can take from three to six months. At the end of this sub-phase the Change Team has helped the key stakeholders understand and agree on seven things: (1) Environmental challenges facing the organization and its members; (2) Who the customers are, what they need and require, and the long-term challenges facing them; (3) What is and is not

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working with the current business processes, inputs and suppliers, customer feedback mechanisms, structure and systems; (4) How well goals, values, and strategy are understood and implemented; (5) What supports and hinders employee performance and commitment; (6) Benchmarks and best practices; and (7) Base case for a cost/benefit analysis.

In this phase, leaders are responsible for providing input and feedback on the data; helping the Change Team build an understanding of — and an agreement on — the findings from this sub-phase; and carefully assessing how they as leaders will need to change individually and collectively to help prevent the issues identified from

recurring in the future.

For example, at a pioneering biotechnology firm, the senior leaders learned how their vague decision-making process and cumbersome and lengthy deliberations were needlessly preventing the organization from responding quickly to shifts in the marketplace. They clarified what decisions would be made, how and by whom. They documented this streamlined decision-making process and communicated it to the organization.

Phase 2-C: Mission and Vision. Given the increased understanding of the current business environment and the organization's current state, the Change Team works with the Steering Committee to determine what, if any, changes are needed to the organization's mission and vision. Frequently, the greatest change needed is in the area of strategy. Organizations often discover through their data gathering that they have not adequately defined how to positively differentiate themselves from their competitors or how to use their strengths to better satisfy

customer needs. They usually also discover that they have given little, if any, thought to how they could influence their whole industry.

This is an ideal time to test whether the mission and vision for the organization is compelling enough to inspire the degree of change that is necessary. For example, at the academic medical center mentioned earlier, the leaders rewrote the mission and vision statements so that the primary reason for the organization's existence — "To bring the full measure of human knowledge, talent and compassion to bear on the healing of sickness and injury and the advancement of health and wellness..." — was prominent.

The primary job of the leaders during this sub-phase is to make sure that they are fully in support of the mission and vision and are willing to commit their time and energy to achieving them. They also need to continue the ongoing job of building understanding and support for the change initiative throughout the organization.

This sub-phase can take one or two months depending on the number and significance of changes to the mission and vision and the amount of controversy those changes evoke. The outcomes of this sub-phase are an agreed-upon mission and vision for the whole organization. This mission and vision, along with the purpose and outcomes for the whole initiative, then serve as the criteria to develop and evaluate ideas for change in the next sub-phase.

Phase 2-D: Design. This is the sub-phase for which everyone has been waiting. Agreements thus far have been made on the purpose and outcomes of the change initiative, the current business environment, the

organization's current state, and the mission and vision. Now it is time to determine how the organization needs to change to: (1) respond to the challenges and take advantage of the opportunities in the business environment; (2) build on its strengths; (3) improve its functioning; (4) accomplish the purpose and goals of the initiative; and (5) achieve the organization's mission and vision.

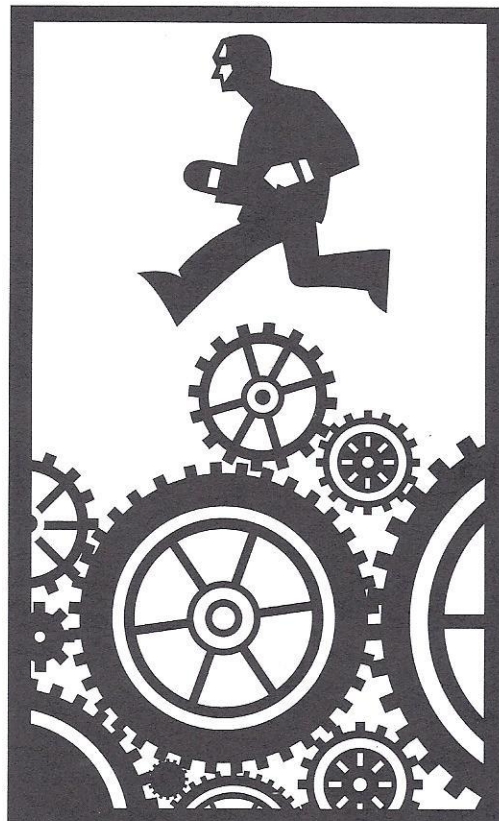
The task of the Change Team is to enlist members of the organization in generating ideas as to how to significantly improve the organization's performance. Once the ideas are gathered, the team's job — with key stakeholders — is to develop these thoughts into well-developed ideas with a clear rationale and an initial assessment of the potential positive and negative consequences.

Many organizations tap people's creativity and build enthusiasm throughout the organization by holding a

series of large "design input" conferences. The outcomes of these conferences are twofold. The first outcome is a wealth of ideas for how to improve the organization. The second outcome is increased understanding and support for the change effort among a large number of stakeholders throughout the organization. These conferences are followed by a series of smaller meetings at which more comprehensive recommendations for change are developed from the existing plethora of ideas.

For example, in the apparel company mentioned earlier, one fourth of the entire population of the division (500 people) provided input into how to change the

organization through a series of design conference conducted in eight countries and five languages. These 500 were from all levels and functions throughout the division.



The role of leaders is to provide input to the Change Team, to add their expertise to developing and refining the ideas. The leaders also need to decide which recommendations they are committed to implementing and build understanding of and support for these recommendations with key stakeholders. Perhaps most importantly, they must reevaluate their current level of knowledge and skills and agree on a plan to develop the competencies they will need to implement the recommendations and to lead the newly redesigned organization. For example, at the academic medical center, implementing the new structure required administrators and physicians to co-lead the newly formed patient-care centers. Thus, they needed to increase their ability to work together. Their development included increasing their interpersonal, meeting facilitation, and conflict resolutions skills.

Sub-phase 2-D takes three to four months. At the end of this phase, the Change Team has helped the organization develop and agree on ideas for significant changes including: (1) How to improve business processes; (2) How to improve the current structure, systems, people and skills; and (3) How to live out the strategy, values, and create the desired culture.

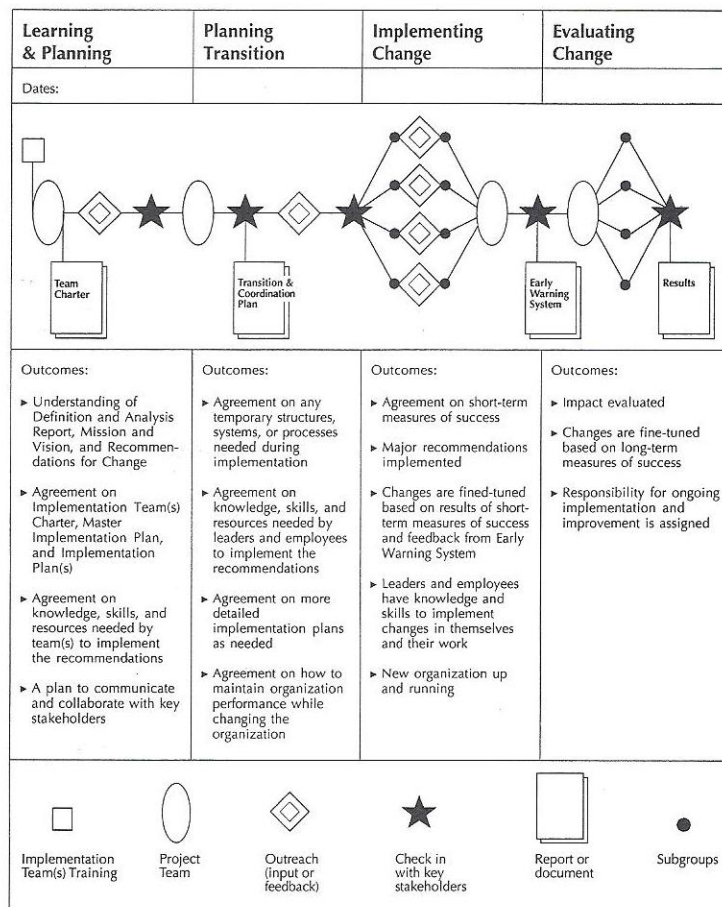
Phase 2-E: Implementation Planning. In this sub-phase, the needed changes are defined and agreed upon. At this point, the question before the organization is how best to implement all of these changes. Thus, the purpose of this sub-phase is to determine the appropriate sequence in which to implement the changes, the resources that will be required, the steps to take to implement the recommendations, and who will be responsible for what.

As the organization gets closer to implementation, the prospect of change becomes more real to the stakeholders. This is when the questions, concerns, and fears of the stakeholders often come to the fore. Leaders and the Change Team members can help organizational members manage their concerns and remain engaged in the process of change by involving them in the implementation planning. A series of

implementation planning conferences in which the likely implementors participate in developing the plans results in well-thought-through plans and a more knowledgeable and committed work force.

The work of the leaders in this sub-phase is to: (1) contribute their experience and expertise to the development of the plans; (2) agree on more refined performance targets with which to focus and eventually evaluate the implementation of the recommendations; (3) perform the analytical work required to determine the resources required to implement the recommendations; (4) continue to build understanding and support for the recommendations with key stakeholders; (5) identify and appoint stakeholders to the Transition Team and the Implementation Teams; and, (6) continue their own individual and

— Diagram 5 —
Phase Three: Implement Change



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collective development.

The Transition Team includes four to six members who have been active in the change initiative thus far and have the respect of the leaders and their peers. Their job is to make sure that the implementation of change is efficient, effective and occurs within the guiding principles. The Transition Team coordinates the work of the Implementation Teams; their job is to implement the recommendations and involve key stakeholders in the implementation process. Implementation team members have knowledge and experience related to the changes they are implementing. They are experienced team players and are committed to making the needed changes happen.

This sub-phase takes one to two months. At the end of this sub-phase, the Steering Committee and the Change Team have worked with key stakeholders to create: (1) Implementation plans for each of the recommendations; (2) A Master Implementation Plan which includes the sequence and timing for implementing all the recommendations; (3) An Early Warning System to track for early signs of trouble during implementation; (4) A more detailed cost/benefit analysis; and (5) An Evaluation Plan to assess the impact of the changes that are about to be implemented.

Phase 3: Implement Change.

The most challenging part of creating real and lasting change begins at this point. Now it's time to translate all the agreements made in the previous two phases into fact. This is where the resolve and perseverance of leaders is tested and the solidity of the agreements among stakeholders is tried. This is the phase for which the momentum, understanding and commitment created in the previous phases were

developed. The organization is either ready to move or it is not; this readiness will have been determined by the quality and degree of collaboration evoked during the previous months of deliberations.

The purpose of this phase is to effectively and efficiently implement and evaluate the changes determined necessary in the previous phases. By this time, the payoffs from the "quick wins" implemented previously should have been collected and are now ready to help support implementation of the longer-range innovations.

Phase 3 has four sub-phases: Learning and Planning, Planning the Transition, Implementing Change and Evaluating Change.

Implementation plans should include all the activities and tasks that have to occur to implement the changes agreed upon through the end of Phase II. In addition, in order to maintain current organizational performance while the transition team is transforming their organization, the leaders may need to put temporary structures, systems, or processes in place.

Phase 3-A: Learning and Planning.

As the Change Team did in the *Determine Change Needed Phase*, the Transition Team and the implementation teams need to prepare themselves for the task before them. This means they need to understand the work of the previous phases, understand and agree on their charter (what they are being asked to do), develop the knowledge and skills necessary for them to do their job, and develop a detailed project plan. They also must communicate and collaborate with all the stakeholders.

The role of the leaders during this phase is to provide the team members with support (encouragement and tangible resources) to do their job and to continue to visibly express their commitment to implement the changes through their words and behavior.

Phase 3-B: Planning the Transition:

Implementation plans should include all the activities and

tasks that have to occur to implement the changes agreed upon through the end of Phase II. In addition, in order to maintain current organizational performance while the Transition Team is transforming their organization, the leaders may need to put temporary structures, systems, or processes in place. The members of the organization may also need new knowledge and skills before they can implement many of the changes. Thus, an overall transition plan that both keeps the organization going and supports the implementation of change will need to be developed and implemented.

For example, at the biotechnical company mentioned earlier, a few of the more critical current information systems needed to operate concurrently and in parallel with the new ones as they were implemented. Also, hundreds of people in the organization needed to be trained to use the new systems before the older ones could be shut down. At the academic medical center, a temporary management structure was put in place until the new one was fully operational. In the power production plants of a large utility, all employees were exposed to the concepts of managing personal change to help them handle the shifts in their jobs prior to the new job expectations being incorporated into the performance management process.

Leaders have two critical tasks during this sub-phase. First, they must actively provide support and encouragement to those going through change. Second, they need to make sure everyone is ready to continue to serve customers during implementation.

For example, in the transition period at the academic health center, all the senior executives led or participated in small group meetings throughout the 6,000 person organization. At these meetings, the leaders continued to educate people about the changes, the reason for the changes, their personal commitment to the changes and their need for everyone's help to continue to take care of patients while they also successfully implemented change. Participants asked questions, expressed their concern and fears about the changes, and agreed upon ways that they could help. They also told the leaders what they needed

from them. Leaders either made commitments on the spot to respond to what was needed or promised to communicate the request to other leaders if the request was not within their purview.

Phase 3-C: Implementing Change: During this sub-phase, Implementation Teams carry out their plans while the Transition Team tracks progress and helps to coordinate the work between teams. Senior leaders monitor the short-term measures of success and actively participate in the implementation of at least one of the recommendations for change. Leaders also remind themselves and others that everyone has two major responsibilities: serving customers while improving the present and preparing for the future. Leaders also keep the Implementation Teams cognizant of those shifts in the market that may necessitate changes in the current implementation plans.

Phase 3-D: Evaluating Change: This phase is often skipped as the organization quickly moves onto responding to the ever-changing competitive horizon. However, this is an opportunity not to be missed, since it is a time to assess what the organization has accomplished and to learn from the experience. Much of the organization has changed gradually during the process. All that has been accomplished may not be transparent. For the sake of learning, building morale, and acknowledging the contributions of everyone involved, organizations are wise to pause to evaluate the impact of people's hard work.

CONCLUSION

Collaborative Organization Design has been the heart of our practice for at least the last decade. We've shared it with clients in all types of industries and, with and through them, we have seen it produce lasting results. The following ten principles* are ones which we've come to understand underlie and energize our success. We believe they can help any change effort be more effective.

(1) Start where you want to end. The process through which you change an organization largely deter-

mines the type of organization you end up with. So, the change process itself, and the desired outcomes of these changes need to be consistent; that is, the means and the ends need to cohere. For example, if the organization leaders agree they want to create an organization in which people are more open and honest with one another, then they need to be open and honest during the change process and they also need to encourage others to be open and honest.

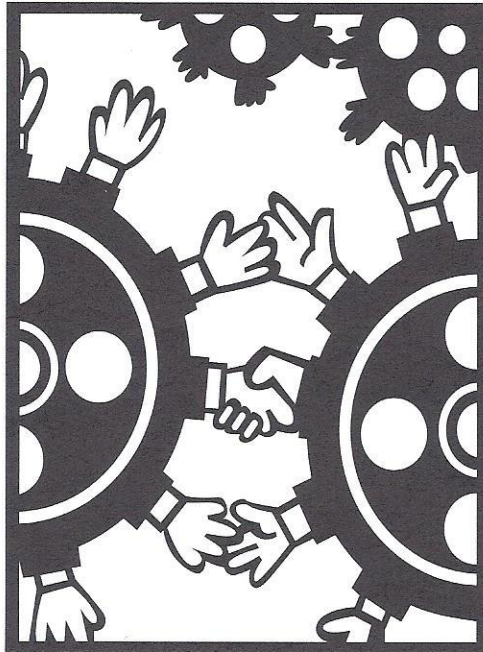
In an information systems redesign project in the biotechnology firm mentioned earlier, the Steering Committee believed that the new systems and the new demands of the marketplace were going to require more frequent and effective interactions among the departments. So, the teams assigned to develop and test the new systems and supporting business processes were cross-functional. The teams included representatives of all the departments that would be affected, including quality, manufacturing, engineering, and process sciences.

(2) Surface and evaluate current agreements.

As noted earlier, organizations operate through a series of implicit and explicit agreements. These agreements may or may not help the organization achieve its purpose. For example, one of the implicit agreements at a large automobile manufacturing company was the right of a senior executive to walk into the design center late in the design cycle, point at some aspect of the car (for example, the shape of the front grill), announce that he did not like it, and walk out. Without challenging or questioning his comment, the designers would get busy redesigning that section and throw the production schedule off by many months. These delays cost millions in rework, retooling, and lost sales because the cars were late to market. It was only when this implicit agreement was named and its

impact assessed that the organization could abandon this agreement and create a more productive one.

Creating change includes examining the conscious and unconscious agreements about "how things are" and building new agreements about "how we want things to be"



throughout the change process. The challenge for people is taking on the "sacred cows" of the organizations, holding them up to the light of day to see if these implicit or explicit agreements are serving the organization's larger purpose.

For example, one of the world's largest soft drink manufacturers took on the challenge of examining their more destructive implicit agreements by developing a video in which the company's "sacred cows" were identified and humorously debunked. The video was

shown throughout the organization and inspired conversations about additional agreements that needed to be surfaced and evaluated.

(3) Build incremental agreements throughout the process.

Traditionally, change initiatives wait until the end to build agreements on how the organization needs to change. This is far too late in the process. If people do not agree on the need for change, or they do not agree on the problems and opportunities in the organization or the business environment, it is unlikely they will agree on the recommendations for change which purportedly will solve the current problems or take advantage of new opportunities. By building agreements throughout the process, you increase the likelihood that the proposed changes are on target and that the changes will be implemented. By building agreements as you proceed, you are building understanding and support all along, as opposed to waiting until the end, at which point you will most likely need to "sell" the recommendations to the rest

of the organization. Such a sales period can take precious time and resources and delay implementation, increasing the risk of a loss of momentum. Also, people will have less understanding of the recommendations themselves or the underlying rationale because they were not a part of the thinking as it evolved. This ultimately diminishes people's willingness to implement the needed changes.

These incremental decisions include agreements on at least the following: the reason to change; the approach to change; the most important challenges and opportunities in the current situation; the mission and vision of the organization; how the organization needs to change; and the approach to implementation. For an overview of all the agreements needed; see the three process maps in this article.

(4) Strive for maximum, appropriate, meaningful involvement of stakeholders. There are two approaches to creating change. One is directive, the other is participatory. Many leaders think they need to choose between the two. The truth is that change initiatives are most effective when they are both. It is a kind of balancing act. To succeed, change initiatives require clear direction and strong leaders. However, on its own, strong leadership tends to secure only compliance. Creating real change involves creating real commitment. So, change initiatives also require full and meaningful participation from a significant portion of the organization, especially from those who are expected to change. By "meaningful" we mean that stakeholders have an opportunity to provide their perspectives and ideas, as well as influence the outcomes of the process. Stakeholders are those who will be affected by the change, can block or help the change, or who have final decision-making authority.

For example, in the redesign of the Far East division of the apparel company mentioned earlier, the leaders decided they wanted to involve at least 50% of the organization's population (approximately 2,000 people) in substantive project-related activity. They defined "substantive" as being a minimum of two to three days direct involvement in the analysis of the current situation (Definition and Analysis) or development of ideas to improve the organization (Design). This organization credits the extensive participation in the change process with their successful implementation of significant organizational changes.

(5) Key decision-makers must actively sponsor and lead the change process. This includes participating at key decision-making points, modeling the changes that are needed, and communicating a clear and compelling reason to change. It also means increasing their own ability to lead more effectively.

Many change initiatives have failed because leaders

Many change initiatives have failed because leaders have faltered at the first sign of resistance or disagreement. It takes significant courage on the part of any leader to state what they believe and advocate for that with their subordinates, peers and superiors.

have faltered at the first sign of resistance or disagreement. It takes significant courage on the part of any leader to state what they believe and advocate for that with their subordinates, peers and superiors. For instance, in the previously mentioned electrical equipment manufacturer, the president publicly declared his support for a major change initiative with the top 150 executives of the company. Nine months into the project, when the leaders of the business units balked at tackling the challenges inherent in improving their individual organization's performance, the president did not continue to advocate for the project. Consequently, the multi-million dollar change initiative achieved lackluster results. Everyone in the company

interpreted the president's acquiescence to mean that the project was no longer a priority. They returned to business as usual.

Other initiatives have also missed their targets, not because the leaders did not support them but because the leaders themselves did not change. Frequently, in order to model changes needed from everyone, leaders need to learn new skills and behaviors. This usually involves taking on personal development work. For example, the head of the automotive design center mentioned earlier had to work on his shyness and fear of large groups before he could take on the greater challenge of eliminating "witch hunts", which were a destructive aspect of his organization's culture.

(6) Balance short-term wins with long-term innovations.

Few organizations can maintain faith and financing for change initiatives that take years to recoup their costs and achieve success. It is critical to pursue a parallel path of finding "quick wins" which help to improve the current situation. These "quick wins" can help fund the longer-term initiative, increase the momentum for change in the organization, and demonstrate the organization's ability to improve. These early victories are also an important signal to everyone that the leaders really mean what they are saying.

For example, at the start of a Collaborative Organization Design initiative at an electrical equipment manufacturer, the senior leaders identified their sourcing process as a potential "quick win". They currently were purchasing parts, components, and materials from a variety of sources. This represented 85% of the cost of their manufactured units. They were able to drop this cost by

There are four levels of involvement and decision-making:

(1) being kept informed of progress; (2) providing feedback on proposals; (3) providing input into proposals; and (4) helping develop proposals, and participating in making decisions.

Leaders need to define the desired level of involvement and influence by each stakeholder group, in each phase of work.

20% in the first year by shifting to fewer suppliers. The cost was lower and there were fewer variations in the supplies. The reliability and replaceability increased. They were also able to reduce overhead because of the decrease in complexity and volume of paper in the purchasing process.

It is critical, however, that these "quick wins" have big benefits in improving the organization's effectiveness or efficiency. In other words, these early victories are accomplished by picking the "low-hanging fruit" that yield big benefits. They are not "slash and burn" operations simply designed to cut costs without regard to impact on the long term life of the organization and its people.

(7) Clarify the decision-making process. Participatory processes can be tricky. When people are invited to participate they can unknowingly

think that their participation means they will be part of the decision-making process. When the decisions reached differ from the ones they advocated, they feel betrayed and question the authenticity of the change process and the leaders of the organization. Clarifying the levels of involvement and the decision-making process helps people understand the ground rules for their participation. It prevents confusion, anger, and suspicion as decision points are approached.

There are five levels of involvement and decision-making: (1) being kept informed of progress; (2) providing feedback on proposals; (3) providing input into proposals; (4) helping develop proposals; and (5) participating in making decisions. Leaders need to define the desired level of involvement and influence by each stakeholder group, in each phase of work. For example, the leaders

may decide that everyone in the organization and all suppliers to the organization should be kept informed about the progress of the initiative. A specified percentage of the organization or particular stakeholder groups (for example, customers, sales, engineering, manufacturing) may provide input to the analysis of the current situation and/or provide feedback on recommendations. Another part of the organization or other stakeholders (for example, suppliers, marketing, quality control, purchasing, community members) may participate in developing recommendations. Lastly, some combination of leaders and other significant stakeholders may make final decision.

(8) Make the process explicit, understandable, and user-friendly. When the process is participatory and people understand the process, they are more likely to support the resulting outcomes. The reverse is also true. If people do not understand the process and/or it is, or appears to be, exclusionary, even though they agree with the outcomes, then they are less inclined to wholeheartedly support implementation because they don't understand how those outcomes were reached. Many change initiatives fail because key stakeholders did not like or understand the process or they or some significant number of their counterparts were not part of the process.

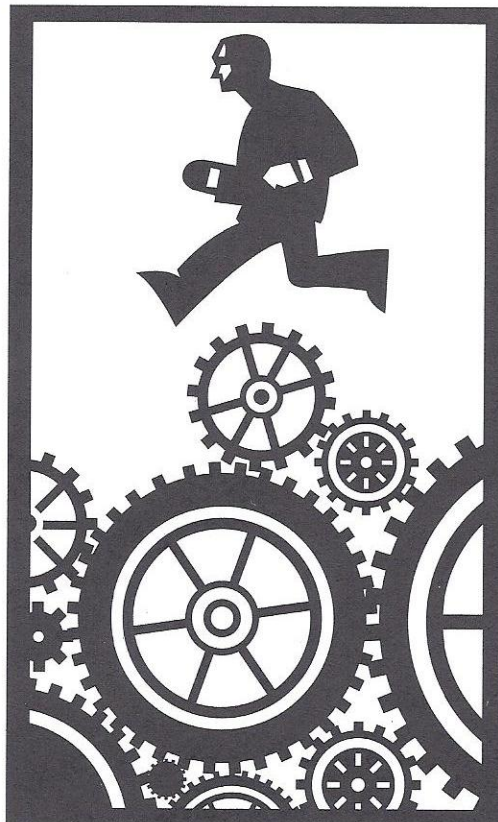
For example, in one division of the biotechnology firm, implementing the changes proposed in the business processes were delayed by a year because one of the key stakeholder groups did not understand the process through which the recommended changes were developed. They did not understand the process and they did not get involved. It

took twelve months to educate and "sell" these scientists on the changes. The project lost momentum, credibility, and several million dollars in consulting fees and delayed or lost sales.

One way to make the process more explicit, understandable and user-friendly is to post large, graphic, and colorful process maps throughout the organization to clarify what is being accomplished by whom and when throughout the organization. Participants in a change initiative in an electric power generating plant posted maps throughout the plant with a large hand pointing at the appropriate sub-phase as the initiative proceeded. The hand said, "We are here."

(9) Use effective individual, small group, and large group skills. Building understanding of an

commitment to needed organizational changes requires some degree of collaboration or involvement with everyone in the organization. People's responses to the outcomes of a change initiative are influenced by how they are treated during the process. If people do not like how they are treated during the process, they are much less inclined to support the results of the process. Thus, when people participate in interviews and small group or large group meetings, they need to experience the process as effective, educative, and respectful. Skillfully conducted interviews and meetings are critical to the success of a



collaborative change process.

(10) Increase the organization's ability to change. Organizations will no doubt need to continue to transform themselves over time. An organization's

competitive edge will include the quality of its products and services, the efficiency and effectiveness of the organization, and the organization's ability to change itself over and over again. You increase an organization's ability to change by making the process explicit and understandable, using a clear decision-making process, and meaningfully involving large numbers of stakeholders.

This increased ability to change enables organization leaders and members to focus on three things at once: more effectively meeting customers' needs now; improving how the organization will meet those needs tomorrow; and preparing the organization to respond to as-yet-undefined needs five to ten years from now.

Conclusion


Even when you use these ten principles, creating organizational change is easier said than done. Certainly, Collaborative Organization Design is an approach through which an organization can more easily and effectively manage the challenges of creating change. Collaborative Organization Design is a comprehensive and collaborative process which is managed to outcomes and deadlines and led by the client. It is also an explicit and documented process. This makes it easier for organization members to learn it and use it again in the future.

It's useful to re-emphasize that Collaborative Organization Design has three purposes: creating the profound change required for many organizations to survive and flourish; transforming organizations so that they are better able to respond to and anticipate challenges and opportunities in the marketplace; and, building understanding of and commitment to change among all members of an

organization. Accordingly, Collaborative Organization Design includes three consecutive phases: Develop the Foundation, Determine Change Needed, and Implement Change. Leadership development is an activity which runs throughout the three phases.

During Develop the Foundation, leaders build all the necessary agreements to set the initiative up for success. Those agreements include the purpose of the initiative, the approach to it, and their role in it. In Determine Change Needed, with the leadership and support of a Change Team, the organization builds agreements on how it needs to change itself. These agreements are about the current situation outside of and within the organization, the organization's mission and vision, how the organization needs to change, and how to implement those desired changes. Finally, in Implement Change, the agreements

are translated into reality. As these changes are implemented, they are evaluated.

Some of the principles that underlie this approach to change include: start where you want to end; surface and evaluate agreements; build incremental agreements throughout the process; strive for maximum appropriate involvement; make sure that leaders are actively engaged in sponsoring and leading the change process; balance "short-term wins" with long-term innovations; clarify the decision-making process to be used during the change initiative; make the change process explicit, understandable and user-friendly; use effective individual and group skills; and increase the organization's ability to change. 

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