

# The Crisis in OD

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This book is based on the *premise* that OD should be more relevant today than ever before and the *observation* that, by and large, executives ignore OD or relegate it to the bowels of the organization. This leads us to a crucial and paradoxical *question*: “If OD is so potentially relevant, why is it often ignored?”

## The Potential Relevance of OD

Today change is constant and inevitable (as are death and taxes). In fact, one could argue that producing and managing change is *the* core task of leaders—and isn’t OD synonymous with change?

With exponentially increasing movement toward knowledge industries, tapping into and fully using human expertise is more important than ever before. Offering approaches that “tap into” member knowledge is a particular strength of OD.

Increasingly, knowledge is dispersed throughout the organization. Those below may have special training and expertise not held at the top. Further, they are likely to be closer to the problem and certainly to the customers. Because of this, more than ever there is a clear need to reduce the power gap in organizations. Executives and managers would no doubt agree that participative management has positive payoffs, but they frequently don’t practice it. Another form of the gap, as Chris Argyris would put it, is a difference

between espoused theory and theory in action. Rosabeth Moss Kanter has commented that “participation is something the top orders the middle to do for the bottom” (1983, p. 244). The gap between rhetoric and practice remains wide. Yet OD people know that *involvement leads to commitment*. Involvement of people in decisions that directly affect them is both a strength and a value of OD.

With globalization continuing to expand at a rapid pace and with the United States in particular being more diverse as a society than ever before, there is a need for valuing and use of differences. Coupled with this is greater need for learning across geographic, ethnic, and value differences. This requires learning about human differences, about the consequences of stereotyping, about cross-cultural dynamics, and about conflict management and cooperative resolution. Many OD practitioners have expertise in helping people address and deal with diversity.

If present conditions would make OD potentially even more relevant than in the 1960s, then why are certain anomalies so prevalent?

- OD practitioners do not, as a rule, sit at the table of power. It is unusual for OD practitioners to work with executives to help plan and implement strategy for the organization, to be involved in developing a new business model and implementing it through the hierarchy. Why are OD consultants rarely brought in when there is to be a merger or acquisition, or in planning whenever a major reorganization is to take place? (They may be brought in only afterward to clean up problems.)

- OD practitioners do not necessarily need to be experts in business strategy, but they often do not sufficiently understand the language and how profit is made and costs contained according to various business models. Most important, OD practitioners do not seem to have adequate knowledge of large-scale strategic organization change—that is, how a particular business strategy fits with the overall mission of the company, how a change in business

strategy affects the culture and vice versa, and how the structure of the organization has to be changed. In short, OD practitioners do not appear to be experts about strategy implementation.

- Even where there is an internal OD function (far from universal in organizations), why is it so frequently buried within HR? The lead OD person may not even report to the head of HR but to someone lower down the hierarchy such as the head of human resource development. Just as likely there is a perception on the part of high-level executives that HR is one of the weakest functions in the organization anyway. Under these circumstances it is difficult for OD practitioners to experience positive regard, much less have organizational influence. In the early days of OD, circumstances of this kind were not the norm. Internal OD practitioners such as Sheldon Davis, Sy Levy, Harry Kolb, and Paul Buchanan had considerable influence.

- Ask OD practitioners today if they are doing OD and most would respond, “Of course.” Our argument is the opposite. OD practitioners for the most part are carrying out piecemeal activities using OD techniques and tools but are not involved in a systemwide change effort. OD practitioners are busy (1) serving as facilitators for off-site meetings; (2) conducting team-building and visioning exercises; (3) serving as coaches for supervisors and managers; (4) helping to resolve conflict between bosses and subordinates, among peers (especially in a matrix structure), and between work units that need to cooperate instead of compete; (5) providing leadership training and development for supervisors and managers; and (6) conducting focus groups to clarify problems and issues that need attention.

There is absolutely nothing wrong with these activities; in fact, they are generally helpful to managers and beneficial for the ongoing survival of the organization. But the point is that these activities are not typically part of an overall system change initiative; therefore

this is not OD as we define it and as the field has been defined for a long time.

## The Definition of OD

OD is one form of organization change. It is planned (rather than unplanned) change that focuses on all levels of an organization—individual, group, intergroup, total system, and interorganizational—rather than limiting the practice to one or two levels, as in, say, management and leadership development. OD relies primarily on application of the behavioral sciences rather than on, say, industrial engineering. OD practitioners may not be opposed to application of industrial engineering, but their consulting is simply based much more on psychology, sociology, and cultural anthropology.

The *content* of OD should be very much about organization mission and purpose, strategy, leadership, management behavior, and ultimately about culture change, typically change in the culture to support a change in mission, strategy, or leadership.

The *process* of OD concerns implementation of change in the content areas we have just noted and follows a plan of phases and steps. Even though the emphasis is on *planned change*, much of OD work is dealing with *reaction* to these planned steps. In other words, considerable effort on the part of OD practitioners goes to helping leaders of change in the organization deal with *unanticipated* consequences to the change process, to initiatives and interventions that are planned yet do not result in outcomes that were considered in advance and anticipated.

In addition to relying on the behavioral sciences, the underlying theory for OD practice is open system theory. Any organization is considered in terms of having *input* from its external environment, *throughput* (action based on the input, producing a product or service), and *output* (the ultimate performance of the organization). A feedback loop connecting output back with input completes the open system framework; what an organization produces (output)

enters the external environment via customers and other stakeholders and in turn affects the input, thus completing the cycle.

Finally, as with all theoretical systems OD is values-based. Most OD practitioners believe that it is appropriate and right to:

1. Pursue congruence of individual and organizational goals, to search for what is good for the organization, which should be good for the individual employee, and vice versa
2. Promote openness and honesty in relationships
3. Create opportunities for all organizational members to learn and develop personally toward full realization of individual potential
4. Redress any imbalance between individual choice and freedom and organizational constraints; sometimes too much choice can be harmful to the organization and therefore constraints are in order, and sometimes organizational constraints are too restrictive regarding individual freedom and therefore should be lessened
5. Pursue collaborative (as opposed to imposed) change; those affected by the change process should be involved in designing and implementing the change process
6. Minimize the power discrepancy between individuals and between levels in the organization
7. Surface conflict between and among individuals as well as between and among units of people in the organization, and deal with these conflicts directly rather than avoid, ignore, or collude with these differences

These seven values are representative, not the universe of values for the field of OD.

The point is that the practice of OD is based on both the findings and methodology of applied behavioral science *and* a set of beliefs about the congruence of human and organizational behavior that is humanistic in nature.

What, then, is OD? From this discussion, we can offer a definition of OD:

**Based on (1) a set of values, largely humanistic; (2) application of the behavioral sciences; and (3) open system theory, organization development is a systemwide process of planned change aimed toward improving overall organization effectiveness by way of enhanced congruence of such key organizational dimensions as external environment, mission, strategy, leadership, culture, structure, information and reward systems, and work policies and procedures.**

## **The Early Days of OD**

Two independent movements and organizations on both sides of the Atlantic Ocean in the late 1940s set the stage for the emergence of OD. In the United States, it was the T-group (sensitivity training) movement and the organization then known as the National Training Laboratories (NTL), based in Washington, D.C., and Bethel, Maine. On the other side, in the U.K., it was the group relations conference and the sociotechnical systems movements located at the Tavistock Institute in London. The people shaping these movements soon learned about one another and quickly began to exchange knowledge and experiences. Gradually what began as experiments in small groups (“laboratories”) became accepted as useful and beneficial methods with which adults could learn and grow. They could learn more about themselves as individuals and became more interpersonally competent, particularly in such domains as conflict management, authority related dynamics, and building trust.

Gradually (we’re in the late 1950s now) these group-based methods of learning and change began to be used in organizations. If these individual learning and group dynamic methods were applied systematically in organizations, then eventually the organization itself would be changed; at least that was the belief and intent (see, for example, Argyris, 1964). In the U.K., Eric Trist, Fred Emery, and colleagues were applying their sociotechnical and

group-based methods of learning and change in coal mines and in the textile industry in India. In the United States, T-group methods were being applied by such people as Herbert Shepard, Paul Buchanan, and Robert R. Blake in oil refineries, and at about the same time (1958–59) Douglas MacGregor and Richard Beckhard were conducting similar activities for General Mills. Soon thereafter Jim Dunlap and Sheldon Davis, internal HR professionals at TRW Systems in Los Angeles, were conducting group-based activities with organization change as the goal. They also brought in academically based external consultants such as Bob Tannenbaum, Charles Ferguson, Warren Schmidt, and George Lehner.

Beckhard and MacGregor were using both group-based and sociotechnical system methods at General Mills and were emphasizing participative and bottom-up management. They did not want to label what they were doing as bottom-up, so they chose the term “organization development.” Apparently independent of MacGregor and Beckhard, Blake and Shepard were also beginning to use the same term. Thus, OD emerged and evolved. These were heady days. Exciting changes were happening with these relatively new methods of learning and risk taking, within important industries in the United States. Subsequently, major OD efforts arose in the 1960s in organizations such as TRW, General Foods (the Topeka dog food plant experiment was especially noteworthy), Harwood-Weldon Manufacturing, Union Carbide, Esso (now Exxon Mobil), Pillsbury, Dow Chemical, Proctor & Gamble, the U.S. State Department, and the Episcopal Church.

It should be noted that although OD leadership came from internal professionals, notably Sheldon Davis at TRW, Harry Kolb at Esso, and Sy Levy at Pillsbury, the predominant lead came from academically based scholar-practitioners: Beckhard, MacGregor, Warren Bennis, and Edgar Schein at MIT; Argyris at Yale; Tannenbaum and Schmidt at UCLA; Paul Lawrence at Harvard; Blake and Jane Mouton at the University of Texas; and Shepard at Case Western University. Scholarly folks and practitioners worked

together in forming the OD Network in the early and mid-1960s, as well as launching the first OD training program in 1967 at NTL, the Program for Specialists in Organization Training and Development. NTL served as the initial coordinator for both the PSOTD (later called PSOD) and the OD Network. Demand for the PSOD and the ODN grew rapidly. The 1960s and early 1970s represented the period of greatest growth for the field of OD. There was much excitement and tremendous promise.

But times, and OD, have changed. The promise and expectations from the 1960s and 1970s have not been realized. Thus we are back to our original question. If OD is potentially so much more relevant today than when it started, what happened? Where did it go off the tracks? Is it possible to regain the relevance it would appear to deserve?

We asked a dozen leaders in the field to answer this question. Several of them were founders in the field, and all have had extensive consulting experience. What follows are not scientific treatises but rather their personal statements from reflection and practice. We end with our answer to the question and then our prediction of the future. Can OD reach its potential, or is it doomed to be relegated to the sidelines?

## References

- Argyris, C. "T-groups for Organizational Effectiveness." *Harvard Business Review*, 1964, 42(2), 60-74.
- Kanter, R. M. *The Change Masters*. New York: Simon & Schuster, 1983.