

# 1

## The Fundamentals of Enterprise-Wide Change

Change your thoughts and change your world.

*Norman Vincent Peale*

### **Chapter Purposes**

- To understand how Enterprise-Wide Change (EWC) is fundamentally different from other forms of organizational change
- To learn three main reasons why an estimated 75 percent of major change efforts fail
- To gain a high-level overview of the Enterprise-Wide Change sequence



---

Obsolescence . . . as a result of the current paradigm shift, the standard way of doing business is rapidly becoming obsolete and irrelevant.

---

## Welcome to the Future

Enterprise-Wide Change is becoming an increasingly large part of the landscape in today's dynamic 21st-Century environment. What do we mean by this?

### Enterprise

An Enterprise (business, company, establishment, firm, organization, corporation, and so forth) is

- A business organization
- A systemic and industrious activity
- An undertaking—especially one of great scope, complication, or risk

Synonyms include *business, company, establishment, firm, organization, and corporation.*

Enterprises are systemic, complex, industrious entities and include all public, private, and not-for-profit organizations. They are not just for-profit undertakings.

## Change

Change is a word with which we are all familiar, meaning *to alter something*.

### Enterprise-Wide Change

Enterprise-Wide Change (EWC) has a major impact on the entire organization and is usually strategic, large-scale, chaotic, complex, and/or radical in nature.

Examples of Enterprise-Wide Change initiatives and activities include

- Installing an Enterprise Resource Planning system (ERP)
- Creating a new high-performance culture
- Focusing on business and operational excellence
- Conducting mergers, acquisitions, joint ventures, and alliances
- Installing major new technologies
- Executing strategic and business plans
- Becoming more customer-focused
- Becoming a global company
- Improving customer service
- Desiring major growth and expansion
- Downsizing, outsourcing, and major cutbacks
- Restructuring and redesigning the organization
- Improving Six Sigma and quality
- Changing supply-chain management
- Developing and deploying major new products
- Transforming an entire enterprise
- Significantly increasing creativity and innovation
- Creating new businesses

Enterprise-Wide Change includes many of the organization-wide changes in which OD consultants (also called “change consultants” throughout this book) are typically involved, such as team building, visioning, leadership and executive succession planning, talent development, HR planning, process improvement, and change execution.

Enterprise-Wide Change concepts also apply to community and societal changes such as fundamental changes in

- Health care
- Education
- Child care
- Crime
- Security

## The Systems Thinking Approach

---

A system is a set of components that work together for the overall benefit of the whole.

---

Systems Thinking is

- A way of seeing the whole as primary, the parts as secondary
- A higher-level way to view, filter, and mentally frame what we see in the world
- A worldview that considers the whole entity or enterprise, along with its fit and relationships to and with the environment
- A tool for finding patterns and relationships among subsystems and learning to reinforce or change these patterns to achieve specific outcomes
- A shift from seeing elements, functions, and events to seeing processes, structures, relationships, and outcomes

The phrase “Systems Thinking” became a popular buzzword in organizational change theory after the 1990 publication of Peter Senge’s best-selling *The Fifth Discipline*. While Senge’s *fifth discipline* is, in fact, Systems Thinking, many people misuse the term today. They use it to refer broadly to *anything* that links together and fits with something else—a list of related topics, for instance, that are somehow important to training and development or some other specific goal. That would be, at best, an integrated list, not a complete Systems Thinking view.

Systems Thinking is a science—the Science of Living Systems on Earth.

## Achieving Superior Results

The approach to this level of change needs to be different. This book is about *thinking differently* regarding EWC. To be successful in such a complex set of tasks is management's ultimate challenge.

Superior results include

- Employee satisfaction
- Customer satisfaction
- Economic benefits for shareholders, and for owners
- Contribution to society



### THINK DIFFERENTLY

We often think about *what* we think, but we seldom think about *how* we think.

## The Uniqueness of Enterprise-Wide Change

Unlike traditional change efforts, Enterprise-Wide Change (EWC) is a complex, systemic, laborious undertaking. It is not to be taken lightly.

A doctor would be guilty of malpractice if she or he operated on a patient without appropriate knowledge, skills, and a deep understanding of anatomy, genetics, and the patient's current health and medical history. In the same way, leaders and change consultants cannot responsibly impose change initiatives on their own "patients" (the organization as a whole, fellow managers, employees, customers, suppliers, owners, the community) without a full understanding of EWC's unique elements and demands.

Six distinct characteristics of EWC separate it from less comprehensive change initiatives (see Figure 1.1):

1. Major structural and fundamental impact—EWC has a major structural and fundamental impact on the entire organization or business unit in which change is to occur. Energetic leadership is required at multiple levels to succeed.
2. Strategic in scope—The change to be effected is strategic. It links to the business's unique positioning in a dynamic and highly competitive marketplace (including the public sector marketplace).

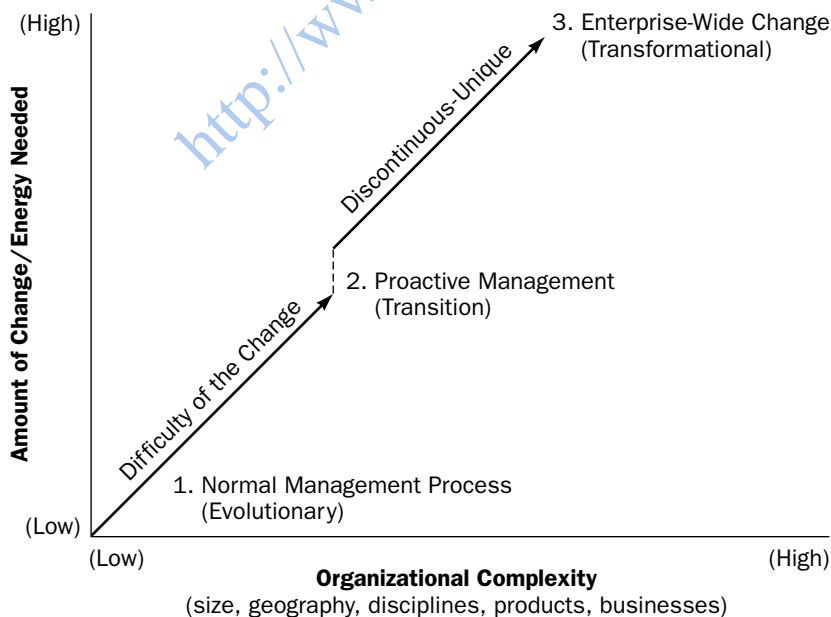
3. Complex, chaotic, and/or radical—The change is complex and chaotic in nature, or may constitute a radical departure from the current state—even to the point that desired outcomes and approaches to achieve them may be unclear.
4. Large-scale and transformational—The scale of desired change is large and will result in a significantly different enterprise. It will be transformed.
5. Longer timeframe—The desired change will require years of focused attention with multiple phases and stages.
6. Cultural change—The rules of the game change: the norms, guideposts, policies, values, and guides to behavior.

---

*Authors' Note:* We hesitate even to use the word “transformation,” as it has become an overused catch phrase for all kinds of change. Often it is about giving a new name to old stuff and selling change interventions on the basis of their sex appeal or the latest fad. Evolutionary or point-to-point change efforts are inadequate in the face of systemic Enterprise-Wide Change.

---

**Figure 1.1. Types of Change Management**



Any large-scale Enterprise-Wide Change will entail at least some of the following characteristics:

- Multiple transitions
- Incomplete transitions
- Uncertain future state(s)
- Multiple changes over long periods of time
- Changing priorities
- Conflicting demands
- Changing players
- Resistance to change
- Loss of focus
- Inadequate resources
- False starts
- Derailments
- Delayed payoffs
- Ambiguity/awkwardness

When *starting over from zero*, these characteristics are normal and to be expected. Persistence and perseverance are essential.

## THINK DIFFERENTLY

Boeing is trying to “think differently” to reinvent itself to become a defense contractor, not just an airplane manufacturer. They are undergoing EWC to reposition themselves into an additional business and marketplace through acquisitions in the defense industry.

Its headquarters is now in Chicago, not Seattle, and it has acquired numerous other defense contractors, including much of Rockwell International. However, in looking beyond their aircraft roots, many analysts feel Boeing is losing significant ground to the European Airbus competitor.

A dual focus on Enterprise-Wide Change and their current business is required for their future success. This is a very public Enterprise-Wide Change process we can all observe.

---

**Questions to Ponder**

- Do you agree with these definitions of Enterprise-Wide Change? The Systems Thinking approach to superior results? Why or why not?
  - Can you think of other examples of Enterprise-Wide Change?
  - Do you agree with the six unique characteristics of Enterprise-Wide Change? Why or why not?
- 

## **21st Century: Revolutionary Worldwide Change and Its Implications**

In the complex and dynamic 21st Century, CEOs, executives, change consultants, and organization development professionals need new modes of thinking to effectively manage organizations. The approaches to thinking and management that worked in the 20th Century and during the Industrial Revolution are no longer relevant in today's fast-paced Information Age.

Systems Thinking tells us that enterprises are not simply the sum of their components or parts. Instead, they are the end result of all of their processes, systems, and people—a complex web of interdependencies and interrelationships.

As many leaders have discovered, changing just one part of an organization without considering the rest of the system often results in unpredictable, unintended, and undesirable consequences elsewhere in the system.

*Thinking differently* can lead to acting differently and achieving better results.

Since the fall of the Berlin Wall in November 1989, a flood of change has enveloped the world. The Iron Curtain collapsed, along with most communist regimes worldwide. The European Union and Euro currency came into being. Eastern Bloc countries joined NATO and the EU, while a *global village*, working around the clock with interlocking economies, sought freer trade through WTO, GATT, NAFTA, and MERCOSUR. The ascendancy of networked computing brought the Internet, extranets, and intranets into even the smallest businesses across North America, Europe, Asia, and the rest of the world. Satellites and wireless global communications united even the remotest areas of the globe. Genetics research came of age; the human genome was mapped in its entirety; and the biotech revolution is underway.

The 21st Century has fostered a radically changed business climate. A global recession rages. Now worldwide competition grows more intense. Corporate cor-

ruption and greed are uncovered almost daily. Industries blur into one another as substitutions and new product lifecycles shorten. Employees feel helpless and overwhelmed with new demands, complexities, and intensity in the workplace. Companies see a shift in the power balance as consumer demands take center stage. Simultaneous pressure for commodity pricing and erosion of marketplace positioning take their toll. Cultures must shift as flexibility, speed, and responsiveness mean survival, even as demands rise for economies of scale and lower costs.

One thing is certain: Business as usual won't cut it anymore—not in government, not in the private sector, not in the not-for-profit world, and certainly not in the military.

The history of mankind is strewn with habits, creeds, and dogmas that were essential to one age and disastrous to another.

*James Reston, New York Times columnist*

## THINK DIFFERENTLY

21st Century U.S. warfare such as Operation Iraqi Freedom (which they thought ended in April 2003) has found the *silver bullet* for military success: *coherent joint warfare*. Yet systemic nation-building did not follow.

This is defined as the highest level of joint force integration (Army–Navy–Air Force–Marines–Coast Guard–FBI–CIA), progressing from specialized joint operations to synergistic joint operations where joint forces will be thoroughly integrated to fully exploit the synergism of land, sea, and air combat capabilities—a systems view.

*David Vergun (2003). "Coast Guard Brings Order to Varied Fleet of 1,500 Boats." Sea Power, August 2003, p. 35.*

---

*Authors' Note:* Cause and effect can be greatly separated in time and space, as the above is a direct result of the Goldwater–Nichols Defense Reorganization Act of 1986. It mandated joint operations and unified combatant commands such as the central command led by Army General Tommy Franks in 2003. The aftermath of April 2003 is a monumental tragedy owing to lack of both a Smart Start and Clarity of Purpose and no integrated simplicity of execution. Unfortunately, the same systems view of nation-building in Iraq was absent. It required a worldwide intervention system to have a chance to succeed.

---

The good news is that society and enterprises have moved beyond looking for the one right, simplistic silver-bullet answer to their chronic and diverse issues and problems. They are starting to apply multiple solutions to patterns of events and issues. However, we believe that they may not fully understand the context, or systems within systems, in which all these complex issues exist.

It is tempting and comforting to look to top executives who have transformed their companies in these dynamic times. The best advice we know of is the widely quoted view from GE's former CEO:

If you are still doing things now the same way you did them five years ago, you are doing something wrong.

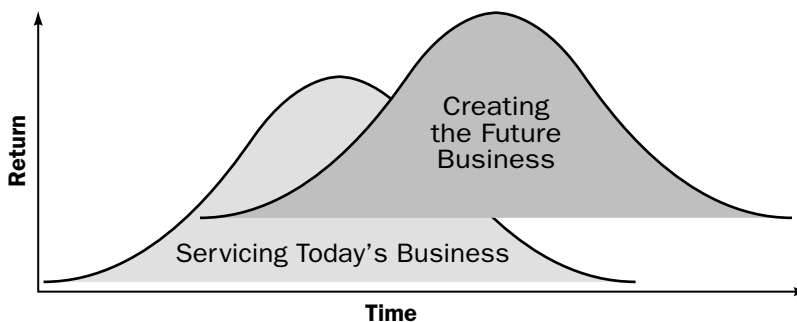
Jack Welch

This book provides a roadmap for Enterprise-Wide Change using an *integrated Total System Thinking Approach* that identifies, considers, and leverages the impact of isolated organizational change. Senior management's ability to identify, achieve, and sustain a unique position in the marketplaces is improved significantly when their decisions are based on a more holistic, humanistic, and systems orientation.

## The Secret of Constant Growth

Living, growing systems change. This means that no matter what journey an organization is undertaking, every organization is constantly required to change or die. All enterprises must simultaneously service the current business and create the future business. It is the not-so-secret of constant growth (Figure 1.2).

**Figure 1.2. The Secret of Constant Growth**



The secret of constant growth means that executives and managers have two full-time jobs:

1. Serving today's business in a stressful, dynamic, consumer-oriented world where more demanding customers are driving products and services toward commodity pricing
2. Creating future business amidst the pressure of the daily business for current results

The secret of constant growth is simple:

- Work **IN** the business and you feed yourself today
- Work **ON** the business and you feed yourself next year

Fritjof Capra, Ph.D., a world-renowned physicist and systems theorist who co-wrote the film *Mindwalk*, explores the fundamentals of Systems Thinking:

One of the foremost signs of present-day society is the presence of massively complex systems that increasingly permeate almost every aspect of our lives. The amazement we feel in contemplating the wonders of industrial and informational technologies is tinged by a sense of uneasiness, if not outright discomfort.

Though these complex systems continue to be hailed for their increasing sophistication, there is a growing recognition that they have brought with them a business and organizational environment that is almost unrecognizable from the perspective of traditional management theory and practice. (Capra, 2004)

The global society at large and the nations, companies, and cultures of which it is composed are approaching a transformation, moving through the Information Age to the Systems Age. Many people, however, are not yet fully aware of the impending transformation. It will be a distinct competitive advantage to learn early how Systems Thinking can be used to guide enterprises to superior results.

## **75 Percent of All Major Changes Do Not Succeed**

The vast majority of major organizational change efforts fail to achieve their intended and desired outcomes.

We know of no single comprehensive study that quantifies the exact percentage of failed change initiatives. This is not surprising, as it would be quite unusual to have CEOs admit to this. However, consultants, executives, and business professors alike seem to agree that the most likely outcome of a significant change initiative is failure to achieve its desired intent and superior results. This should not be too surprising when we realize that both the technical and social complexity of our lives and organizations is so great that it makes successful change very difficult.

Anecdotal evidence, decades of experience in the change field, smaller research studies, and numerous conversations with other prominent consultants and writers suggest our staggering belief that approximately *75 percent of all major change initiatives fail to fully meet their initial objectives*. This is despite a multi-billion-dollar consulting industry dedicated to Enterprise-Wide Change.

In post-mortem analyses, one dominant characteristic we at the Centre for Strategic Management have found in failed initiatives is that they are fragmented efforts. They rely on outmoded analytic methods and tactics. And they almost universally attempt to address a systemic problem in a piecemeal one-best-way, silver-bullet fashion.

What follows is a short list of myopic approaches to systemic problems—and the typical consequence of unintended results that leads to the 75 percent failure rate.

### **Job Cuts and Downsizing**

In the past twenty years, more than sixty million jobs have been eliminated from American organizations, according to the American Management Association ([www.amanet.org](http://www.amanet.org)). The economic effects of technology, computers, robotics, and so forth have been enormous. Today, there is no such thing in business as a career or lifetime job. Outsourcing and offshoring will continue.

Many companies that were leaders in the Industrial Revolution have fallen on difficult times and decimated their human organizations in an attempt to maintain profitability. The massive downsizing of corporate America, however, has not achieved its desired effect. The American Management Association's survey of member companies conducted each year since 1990 has repeatedly found that downsizing fails to produce higher results. Fewer than half the companies that cut jobs reported an immediate increase in operating profits, while less than one-third reported an increase in productivity.

### **Fragmented Reengineering Fads**

A number of popular management/business books advocate incomplete and fragmented tactics that make change sound simple and easy. Business process reengineering, to take just one example, was popularized in Michael Hammer and James Champy's 1993 book *Reengineering the Corporation: A Manifesto for Business Revolution*.

For most enterprises that attempted reengineering, the effort did not work out as intended. CFOs (rather than someone with a more natural customer and sales focus) often led reengineering projects; consequently, reengineering too often simply became a massive cost-reduction program that destroyed capabilities, core competencies, and customer value.

Hammer, in his second book, *Beyond Reengineering: How the Processed-Centered Organization Is Changing Our Work and Lives* (1996), acknowledged that many efforts failed because the reengineering industry neglected to factor in the human element—a critical flaw.

### **Lack of Customer Orientation**

Despite common sense and the abundance of research on its value, far too few companies achieve a customer orientation. Organizations are often driven instead by (1) regulatory decisions, (2) operational efficiencies, (3) anything to make a profit, or (4) product orientation.

The Gallup organization, located in Washington, D.C., has found that, while many organization leaders talk a good game about the customer being king, more than 70 percent of all managers feel performance is driven more by internal operating measures than by any kind of external, customer-focused ones.

### **Silver-Bullet Change Consulting: Fads**

Management consultants and authors who tout their method as the sole path and *silver bullet* to corporate salvation often compound existing problems. The one-best-way approach promulgated by leading management authors and gurus has resulted in fad after fad. Every year, each new fad goes through the same inevitable lifecycle:

- Introduction of new ideas
- Early adoption of new ideas
- High acceptance and widespread dissemination of new ideas

- Misuse of or lip service to the ideas
- Criticism and decline of the approach
- Search for the next Holy Grail

However, no *one-best-way* can solve all ills—not even this book. Our goal in writing this book is to improve the *probability* of successful Enterprise-Wide Change.

### **Resistance to Change**

Gallup polls have shown that more than two-thirds of business leaders resist change. Understandably, like most of us, they have a vested interest in protecting the status quo, do not like to lose control, and may not feel comfortable about what to do about the needed changes.

The stock market, of course, drives publicly held companies to be quarterly and short-term oriented. As a result, company executives are often rewarded for maintaining a consistent small increase in earnings, as seen, for example, in the Freddie Mac scandal in 2003.

Gallup polls also show that 74 percent of all employees in the United States are *disengaged* from their work—and worse yet, 19 percent are *actively disengaged* from (and may even sabotage) their company. This news is devastating for those searching for superior business results.

### **Strategic Planning Fragmentation**

The highly respected strategist and professor Henry Mintzberg, in his book *Strategy Safari* (1998), examined ten different strategic planning processes and found none to be effective.

Our Centre's own research (since 1990) comparing fourteen different *strategic planning* models found the same ineffectiveness and fragmentation. Fewer than 25 percent of all planning models studied had any form of pre-planning or efforts to ensure the effort was organized and tailored to each unique situation up-front.

More than half of the models did not even link the strategic plan to the annual plan and budget. None of them dealt with helping to organize implementation Game Plans.

It is no wonder many plans are never implemented and fall prey to the SPOTS syndrome (Strategic Plan on Top Shelf . . . gathering dust) as noted in *The Systems Thinking Approach to Strategic Planning and Management* (2000). Data we have collected lead us to estimate that only about 25 percent of all strategic plans are ever successfully executed.

## Inadequate Change Frameworks

In our research on thirteen popular organizational change models, we found

- Only four focused on the customer
- Few had a focus on outputs and goals, as opposed to process alone
- Many did not focus on the need for cross-functional teams as vehicles for integrated change
- Less than one-third included strategic thinking or planning as a guide for the change effort
- Fewer than half dealt with organizational culture as a key variable
- Many did not look at the values and beliefs of the organization

In general, these change models were technical, operational, or mechanistic in nature. They usually did not deal with the issue of people's hearts and minds being in tune with the desired changes. Only one of the thirteen included adequate feedback mechanisms, and only one out of thirteen used a system and processes to manage change strategically. The results can be found in *Reinventing Strategic Planning for the 21st Century* (2002).

## The “Big Three” Enterprise-Wide Failure Issues

Based on our research, there are three normal, natural, and predictable issues that contribute to 75 percent of all major changes failing to achieve their desired intent. Outlined below, the first one produces a guarantee of failure up-front, and the last two are symptoms of partial success because of an either-or mindset.

### 1. A Piecemeal Approach to a Systems Problem

- This involves a variety of multiple mindsets, holistic frameworks, and consultants employing different models, concepts, and silver bullets instead of applying a single mindset based on an organization as a living system.

### 2. A Primary Focus on the Economic Alignment of Delivery

- This approach focuses on productivity, processes, and bottom-line economics without attending to the cultural attunement issues. Both elements are needed.

### 3. A Primary Focus on the Cultural Attunement of People

- This approach focuses on egalitarian, participative people processes without incorporating the economic alignment issues. Combining both elements is critical to success.

Instead of telling you more about these three ways to fail, in this book we recommend an alternative approach to Enterprise-Wide Change that combines solutions to the “big three” causes of failure with one holistic mindset that focuses on integrating both economic *alignment of delivery* and the *cultural attunement* with people. The results are

#### Full Success—A Totally Integrated Systems Solution

- An Enterprise-Wide, Systems Thinking Approach to business excellence that combines economic alignment, cultural attunement, and a single holistic mental map to assess and guide the change that achieves superior results (profits–growth–customer–culture–sustainability)

In sum, the reality is that there are so many reasons change fails that it is not surprising that only about 25 percent of change efforts are fully successful. This is particularly true for large-scale Enterprise-Wide Changes.

---

#### The Search for the Silver Bullet

Attempts to change organizations with the latest silver bullet ignore two powerful principles of organization:

1. Organizations are perfectly designed for the results they get.
  2. Success comes from individuals who take accountability for their actions.
- 

#### Alignment and Attunement Concepts Expanded

Most EWC journeys tend to be under-funded and under-resourced, especially in terms of people, when one considers the complexity and magnitude of the planned change. Change consultants sometimes don't help matters with their terminology. The talk today is about the *alignment of people* in the enterprise in support of the desired changes. Alignment is an industrial and mechanical term. It is appropriate when discussing assembly lines, robots, and technical systems. *Alignment of delivery* is an appropriate term. *Alignment of people* is not.

The authors would like to belatedly thank Roger Harrison, a pioneer in the OD field, for this distinction learned more than thirty years ago in a long-forgotten ses-

sion. This distinction may seem a small change, but the leverage it makes possible is enormous.

People are *living systems*. We don't function like robots. People have feelings, emotions, a brain, and a spirit, *in addition to* hands and feet that perform physical work tasks. When change consultants use the term *alignment* to refer to people, they are inadvertently downplaying the human requirements for successful Enterprise-Wide Change.

*Attunement* is a musical term that means *to bring into harmony*—to ensure that each instrument in an orchestra or band is tuned exactly the same way as all the others. The proper term for what executives need to do with people in an enterprise is attunement. Collaboration is required to bring our hearts and minds into harmony with each other and with the higher-level system goals.

*You can force alignment, but you cannot force attunement*

---

*Note:* For those interested in reading more on the tension between alignment and attunement, we highly recommend Michael Beer and Nitin Nohria's *Breaking the Code of Change* (2002). In 1998, a Breaking the Code of Change conference was held at the Harvard Business School. Professors and executives were asked to compare, contrast, and debate two theories of change: Theory E (creation of economic value) and Theory O (development of an enterprise's human capability and culture to implement strategy). Their conclusions support the views in this book.

---



## THINK DIFFERENTLY

A large West Coast financial services enterprise underwent a massive turnaround and EWC process. The process was a rousing success because the new CEO and executive VP cared deeply about both the economic alignment and cultural attunement issues. The executive VP was the internal executive in charge of the program management office and the external consultant was the president of University Associates (an external consulting firm).

Even though more than fifty managers and executives were individually terminated for poor performance, morale and profits went up dramatically in the first full year after the new CEO was hired. And . . . no lawsuits for wrongful termination were filed.

---

### Questions to Ponder

- What revolutionary changes do you see going on in the world today?
  - Do you agree that Enterprise-Wide Change is fundamentally different from traditional change? Why or why not?
  - Do you agree with our “big three” reasons why Enterprise-Wide Change fails? Why or why not?
- 

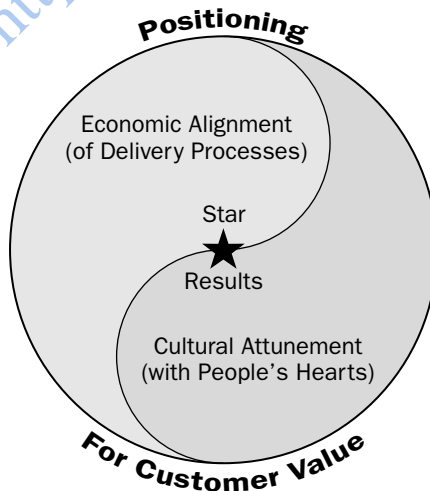
### Final Thought—Great Results and Great Frustrations

We want to be clear that there are many cases of CEOs, executives, and change consultants who are very successful at achieving superior results for their organizations—both in terms of the *economic alignment of delivery* and the *cultural attunement with people*. We will give some examples of them throughout this book.

However, we also know that there is ONE GREAT FRUSTRATION regarding change in enterprises and businesses by executives, employees, and change consultants alike. It is a great frustration that we all don't seem to see the same picture. Each of us personally thinks that our picture is THE CORRECT PICTURE. This leads to frustration with each other and the lack of superior results for customers, stockholders, employees, and the community. This lack of both yin and yang strategies is one of the overarching themes of this book (Figure 1.3).

**Figure 1.3. The Yin and Yang of Strategies**

---



## Preview: The Enterprise-Wide Change Journey

There are three goals of Enterprise-Wide Change. This book covers the three goals and an entire process to achieve them in depth.

### Three Goals in Enterprise-Wide Change

#### **Prework: Use a Smart Start with a Systems Thinking foundation**

Goal #1: Develop an overall enterprise-wide clarity of purpose, with a game plan for dramatic change.

Goal #2: Ensure simplicity of execution, with enterprise-wide systemic change.

Goal #3: Build and sustain business excellence and superior results, year after year.

This book approaches each goal in depth, giving you both a theoretical foundation and practical tools you can use to guide EWC efforts. Obviously, it would be unusual for an enterprise to use all of the points of this book—even our clients rarely do. But this book gives you a template from which to choose and tailor your Enterprise-Wide Change effort.

#### **Prework: Build a Smart Start**

The prework concept in Chapter Four is the most commonly skipped, missed, or ignored part of any EWC. There are real, non-negotiable preconditions for successful systemic change that must be in place before an Enterprise-Wide Change process can hope to succeed. Smart Start helps enterprises to engineer success up-front before the formal beginning of the journey.

We recommend that senior management first undergo a two-day retreat. The goals of this *Smart Start* are

- To educate the executives on Enterprise-Wide Change
- To assess issues critical to the Enterprise-Wide Change
- To tailor the EWC process to your needs and unique situation
- To organize the EWC effort to fit your size, budget, and focus

#### **Prework: Lay The Systems Thinking Foundation**

Competence and a foundation in the core technologies of Systems Thinking are critical for executives and change consultants who undertake EWC. In Smart Start,

enterprise leaders learn the assumptions, mental models, and methods that will help them to understand their organization's challenges and strengths from a full Systems Thinking perspective.

Terms like "mental map," "model," "paradigm," "framework," "concept," "worldview," and "Weltanschauung" (German for *view of the world*) are similar words for a collective mindset, a way in which humans understand (or misunderstand) the world in which we live.

Specific change interventions typically use a narrow analytical mental map. While the interventions have value, even the best of these is only partially successful. No one can begin to maximize the overall potential business excellence and superior results without a systemic mental map of some kind.

Our belief is that Systems Thinking is one excellent mental map to understand an organization. We also believe there is much to be gained by carefully choosing elements of other change models and methodologies. Just remember to integrate them within some kind of holistic approach. There are other kinds of large-scale change approaches in this Pfeiffer Practicing OD Series that the reader is invited to review as well.



## THINK DIFFERENTLY

The U.S. Coast Guard is now part of the new Department of Homeland Security. In the post-9/11 world of terrorism we now live in, the Coast Guard has taken on added importance.

They are now seeking increased funding for their mission. Historically, their fleet of over 1,500 boats was of dozens of different types. They ranged from 19 to 52 feet long, of many different manufacturers, with all kinds of different engines, and many different type hulls. Local commanders had *carte blanche* authority to purchase almost any type of boat needed (even with special modifications), 188 different stations, sixty aids-to-navigation stations, and dozens of Marine Safety Offices, on their own—an example of analytic thinking run amuck. The complexity of this hodgepodge approach caused many problems from readiness to safety, sea handling, proficiency, maintenance, parts, training, and transferring personnel.

Now, with a more Systems Thinking view, they have a plan to transition to four standardized classes of shore-based response boats. One manufacturer is building all new 117-foot Fast-Motor Lifeboats and 47-foot highly maneuverable Fast-Motor Lifeboats. In addition, all 25-foot Small Response Boats are

being built by another manufacturer and all 41-foot Medium Response Boats will have a contract awarded in 2004.

The boat fleet will now be standardized—not quite as systemically as Southwest Airlines, with only one 737-type aircraft, but a huge systems improvement for the Coast Guard.

---

### **Goal #1: Achieve clarity of purpose**

Gaining true clarity of purpose requires conducting, identifying, and clarifying four parts of the Game Plan, if they are not already in place:

1. Conducting an environmental scanning process of relevant external factors
2. Developing enterprise-wide positioning (desired outcomes) that articulates the overall direction/vision of the enterprise
3. Clarifying core values, which are the guiding principles for decision making throughout the change effort
4. Setting measurable goals for the process—year by year if necessary

## **THINK DIFFERENTLY**

A large, thirty-year-old, employee-owned engineering business had been doing well by the standards of a plan that had been developed five years before. The entrepreneur-founder CEO had fired the president and COO within the past year. Running the business had been left to the executive team (with rotating leadership) during the vacuum.

As is typical of organizations at this stage, the executive team often received conflicting messages from the CEO regarding strategy and change. The executive team knew it couldn't afford to wait for the new president to be hired before a new EWC plan was developed. They embarked on a journey to refine the organization's vision, values, and positioning and completed a comprehensive future external environmental scan.

It took months for a new president to arrive, but in the meantime, the organization had its EWC plan in place and a solid base for the new president to build on. It also enabled the executive team and new president to work effectively with the entrepreneur-founder-CEO.

---

### **Goal #2: Ensure simplicity of execution**

During EWC efforts, you obviously cannot know everything in advance. The Game Plan has to be a living, breathing process that is continuously re-created as it unfolds. Goal #2 is where execution of change formally begins in all its gory, chaotic, and complex details.

Without a systems orientation, this is, unfortunately, often the place where change consultants and executives start—thus ensuring piecemeal failure up-front by failing to adequately lay the groundwork that emerges from the prework (Smart Start) and Goal #1.

Goal #2 requires regular meetings of an Enterprise-Wide Change Leadership Team. It is supported by a Program Management Office with detailed tracking and regular reporting about issues, results, and measures of success.

### **Goal #3: Sustaining business excellence**

Key actions at the end of each year include recycling back through the prework and all three goals again (wave after wave of change):

- Reviewing and assessing the business alignment and people attunement results from the last year
- Assessing how well you are “walking the talk” on your core values
- Developing further action plans to correct for a values breakdown—areas of weakness or failure
- Assessing the results of the first year of the EWC Game Plan itself
- Refining the Enterprise-Wide Change Game Plan for the next twelve months, adjusting core strategies and their key initiatives as necessary

## **Chapter One Recap**

1. Richard Beckhard’s original definition of Organization Development in *Organization Development: Strategies and Models* (1969) is still as relevant today to Enterprise-Wide Change. Organization Development is an effort that is planned, organization-wide, and managed from the top to increase organization effectiveness and health through planned interventions in the organization’s processes using behavioral-science knowledge.
2. Enterprise-Wide Change is fundamentally different from other traditional changes. It has a major structural impact, is strategic in nature, is complex,

chaotic, or radical, is on a large scale, is system-wide, and occurs over a longer timeframe.

3. An estimated 75 percent of major change efforts fail.
4. The “big three” Enterprise-Wide Change failure causes are (1) an analytic, piecemeal approach to systems problems (multiple conflicting frameworks and mindsets); (2) focusing mainly on the economic alignment of delivery; and (3) focusing mainly on cultural attunement and involvement with people.
5. Three goals in Enterprise-Wide Change are to (1) develop an overall enterprise-wide clarity of purpose, (2) ensure simplicity of execution with enterprise-wide systemic change, and (3) build and sustain business excellence and superior results, year after year.

<http://www.pbookshop.com>

<http://www.pbookshop.com>