

Chapter One

What Is True Change?

A full-page advertisement for a large international consulting firm pictured a line of empty airport pushcarts ready for luggage to be piled in by a passenger and wheeled along to a final destination. Each cart proudly displayed a placard reading, “I am your idea. Push me.” The implication of this metaphor is that ideas just need to be bundled up like one’s belongings and pushed along to be implemented. To me, this epitomized the problem with most change initiatives. Sure, there are plenty of success stories of how new ideas are deftly packaged and sold to hundreds of companies around the globe. These success stories are often accompanied by glowing accounts of how new concepts helped companies save billions of dollars. Unfortunately, a deeper look typically reveals that those new ideas lasted only as long as someone did the pushing. As soon as the champion for those new ideas moved on, the change initiative dissipated. This may be short-term change, but it isn’t true change. True change occurs when ideas or concepts become embedded in the underlying assumptions about how work is done. True change means the new ideas become institutionalized and are no longer dependent on a change agent or champion to support them.

Many see the impetus for true change as a response to some external force. For example, something in the macro competitive or political environment forces the change to happen—the Internet bubble burst and caused the economy to take a nosedive, or global competition opened the door for a new look at supply chain management. Companies had to change to survive or face death by an unwelcome takeover or bankruptcy. Others might point to

disruptive technologies as the driver of change, such as wireless communications that created opportunities for some organization but disaster for others.¹ But whether a firm grabs these forces and uses them to its advantage is something that happens internally. True change requires more than a set of well-crafted strategies and tactics pushed along by a charismatic leader. It is not just wheeling in a new set of ideas and then having another pushcart of other ideas waiting in line to deal with the next catastrophic event.

True change requires an adaptive change capability within a firm that neither springs up overnight nor depends on only a handful of “change agents” who push their ideas onto the organization. The people who create true change are inside the firm, not outside or solely at the top. They are employees at all levels, working in concert throughout the organization, who see opportunities for applying new ideas to solve problems at their workplace. In sum, true change is not just a random occurrence, with “forces” happening to be aligned so that the seeds for change turn into seedlings that mature into trees with roots that don’t get ripped out with the next wind that comes along, be it (yet another) reorganization or (yet another) “program of the month.” This book is about turning the successful implementation of new ideas into predictable events with predictable results. It is about matching new ideas or innovations to problems that need urgent attention. That sounds obvious, but doing it is another story.

True change joins three very basic concepts, each essential for successful implementation of new ideas but often missed because they are so basic. The first notion is that change occurs only from within. Outsiders, such as external consultants, can only recommend alternative approaches, not operationalize them. Second, ideas that are pushed on others are typically resisted. There needs to be a pull for new ideas to take hold, such as an unsolved challenge that current wisdom cannot overcome. Taking these points in combination results in the following: change occurs when insiders identify a specific challenge they are facing as an opportunity to pull in outside perspectives. I call people who are able to do this

“outsiders on the inside,” and they exist in every organization.² But local change typically has to fight significant organizational inertia and seldom survives continual attacks from the organization at large. So the third principle is that there needs to be a critical mass of outsiders on the inside to affect systemic change; one person alone cannot do it. Organizations must consciously create an environment that develops and nurtures outsiders on the inside who are aligned at all organizational levels.

Taken individually, these points may sound like old news, but their combined power emerged from analyzing the results of three interrelated research projects: (1) a study exploring the use of new manufacturing competencies in twelve major corporations, (2) an examination of virtual collaboration and the development of high-performance globally dispersed teams, and (3) an inquiry into the ability for full-time employees to learn new concepts through distance education while being totally immersed within their organizations’ culture.³ In each project, a key issue we uncovered was the strong desire of people within organizations to improve the work being done and their recognition of gaps between current organizational assumptions and what they saw as root causes for the challenges that faced their organizations. I realized that these inside people were able to see past their organizations’ cultural assumptions and observe their challenges as an outsider might do. In other words, they held outsider perspectives, but they were not true outsiders: they were outsiders on the inside of their organizations. I also saw they needed a new framework to help them leverage that ability, which led to the notion that true change is pulled in by challenges, as opposed to being pushed by champions.

We saw that true change can occur at any level of the organization and is not dependent on a senior-level change initiative champion. Granted, such a person helps in some organizational cultures, but that support only greases the skids; it’s not what makes the change happen. It is also not enough for the general demand for change to be seen in the abstract, and it is not enough to be provided with suggestions by outsiders like consultants or academics,

even if these are mandated from above. Nor is a sense of urgency sufficient for true change to take hold. Just knowing that there is a need for change is insufficient. People need to see a tangible need and application for alternative ways of doing things. Only outsiders on the inside can see what needs to be done and how it can be accomplished in terms of the specific challenge. In other words, pushing change is general purpose, while pulling it is specific to a situation.

Finding opportunities that allow true change to be pulled in at the workplace is a role that can be played only by insiders within an organization who can step back and wear two hats: an insider's and an outsider's. Throughout the remainder of this book, I refer to these employees as *outsider-insiders* because they are both an insider and an outsider at the same time. As an insider, they understand the day-to-day ins and outs of the organization. They care deeply about their organization and want to improve it. Yet while they are comfortable working within the existing culture, they are also able to step back and see where internal assumptions about how work is done are getting in the way of optimal performance. They are the people who grab new ideas and make them work to help solve problems they face.

The processes that lead to true change are not an abstract set of steps: they are part of a strategy for building a change capability into the organization through developing and nurturing outsider-insiders and then deploying and using them to introduce new ways of working.⁴ In doing so, there is a mutuality of responsibility shared by outsider-insiders and their organizations, and this is a theme that weaves throughout the book. As such, we look at the processes for creating true change from two perspectives: (1) that of managers who want to develop and better use outsider-insiders to help transform their organizations to better meet strategic objectives and (2) that of current or future outsider-insiders who are attempting to bring outsider ideas into their organization to make them more competitive. It takes both perspectives working in concert to create true change.

Although outsider-insiders are the ones who apply their outsider perspectives to address daily challenges, many of them need help in getting to the right place at the right time to find opportunities to pull in new ideas aligned with strategic objectives. They also need support in maintaining and honing their abilities. This means that organizations that want true change must create infrastructures to support the development and maintenance of outsider-insider capabilities, a subject we turn to in the second half of the book. But first we must understand the framework for how outsider-insiders go about making things happen in their organizations. For many, it is intuitively obvious, but managers, consultants, and academics continually ignore the obvious as they package ideas and pile them into their pushcarts.

What True Change Is Not

It's easy to change; people do it all the time. Volumes have been written about change management and how to overcome resistance to change, build a vision of what's possible, and get buy-in for the desired change.⁵ Many of these strategies work, but all too often, the changes are short-lived or just cosmetic. Employees go through the motions in response to a new initiative or a push from a change agent. Once the change agent leaves, the pressure is off, and it's back to the old ways of doing things or on to the next change. Granted, there has been change but not true change. Take a look at the following example.⁶

The CEO of Worldwide Manufacturing Industries returned from an executive seminar on the importance of human resources in the introduction of lean manufacturing and immediately sent his chief knowledge officer (CKO) on a benchmarking trip of companies considered to be best practice examples. At the end of his investigation, the CKO recommended that Worldwide select a pilot facility to introduce these new concepts and serve as a model for the rest of the corporation. The Chicago plant was chosen because it was about to introduce a new product line and would

provide a ready opportunity to showcase the new lean concepts. The CEO discussed the possibility of turning the Chicago operation into a model facility with the plant's division general manager, who readily agreed.

Rumors of the "lean model" plan soon filtered down to the Chicago plant. The first official validation came four months later when the CKO visited the facility to conduct a "readiness survey" that asked the plant's staff to describe improvements made in the past and where they perceived further opportunities to lie. Shortly after, a new plant manager was assigned to Chicago because the division's upper management felt he was the type of leader needed to create the model facility. His arrival came as a surprise to the plant employees, many of whom were upset that the current plant manager, who had won the respect, admiration, and loyalty of many people, was being replaced. To people within the plant, the new plant manager was viewed with suspicion because he came from corporate headquarters. In addition, he had no background in the plant's manufacturing processes.

The new plant manager organized a brainstorming session with his staff where he asked each manager to submit a set of notes defining his or her views of the model facility. Two months later, the CKO came back to the plant to conduct the first in a series of formal training programs. The training was received with mixed reviews. One participant noted, "Some of this training is just hype. There's a point where you're overdoing it. The training was boring at first; at the end, it was like, 'Let's get pumped up about the new buzzword.'" Subsequently, all salaried employees within the plant sat through a two-hour introduction to lean manufacturing practices.

Following the initial training, the CKO assisted the plant staff in developing a lean implementation plan. Staff members also became participants in a Lean Steering Committee along with the plant manager and the CKO. Shortly after, the plant's hourly workforce officially heard about lean when the division's general manager held one of his regular quarterly meetings at the Chicago plant and mentioned that the facility had been chosen to become a

model operation. Two months later, the plant's manufacturing manager presented a half-hour talk to the hourly workforce, formally introducing the lean model concept.

Not surprisingly, the plant personnel had mixed feelings about the entire lean concept and what it would mean to the facility. The plant manager noted about six months later: "One problem with all the changes in becoming a lean model is that it has tended to take the fun out of work. Managers and workers like to have a crisis to handle every thirty days or so. Supervisors won't change overnight. Some have to retire because we won't be able to change their attitudes. Some of the staff probably feels the same way." In fact, the manufacturing manager was overheard to say, "Lean is not anything any different than what we've been doing for the past four or five years basically. All we have now is the visibility and a few more resources than before. It's a little frustrating at times because we felt we were already doing a lot of things." A supervisor voiced similar sentiments: "I don't know what lean means. No one in the shop really talks about lean. It's the same old thing we've been doing with a few new directions here and there."

Sound familiar? This is a scenario played out in various ways in just about every large organization. The CEO picked up a new idea he thought would improve the corporation's overall competitiveness and followed a widely recognized path of establishing a learning pilot that could be a launchpad for transforming the entire organization.

In many respects, Worldwide is a textbook example of following best practices in organizational change: gaining senior management commitment; cascading the new idea down through the organization to get each level of the hierarchy on board; installing a new local leader with a vision; benchmarking other organizations; providing extensive training; setting up a steering committee that bridges key stakeholders; and so on. But unfortunately, the result was all too predictable. The folks who ultimately had to introduce the new idea at the workplace level managed to reframe what they were currently doing to fit the new buzzwords. Many would label

their reaction as good old-fashioned resistance to change, but these folks could justify their response by saying: “Here comes the latest flavor of the month!” Corporate management sold the idea to them as an opportunity to be a showcase, but to them it meant having to change behaviors that, from their perspective, *didn’t need to change*. And from the CEO’s perspective, the challenge—the introduction of lean manufacturing practices—remained.

So what was missing? Most change consultants would quickly point out that the plant lacked ownership. In other words, the CEO saw a need for change, but the people within the plant did not. Although the CEO’s team made every attempt to educate the plant personnel and involve them in the change process, lean came across as an idea being pushed on them from the outside (corporate) by the new plant manager from corporate who didn’t understand what the plant did and also was the reason their beloved prior plant manager was ousted. The CEO’s attempt to introduce a new concept into his organization is a classic case of *pushcart change*.

Large organizations typically push change in various ways. There is the subtle push of someone just sharing a perspective with a friend or colleague. In many respects, this is how the CEO learned about lean concepts and then shared the idea with the CKO. At the other end of the push continuum are corporate edicts that are usually more like a shove or dump than a gentle nudge: this is how the Chicago personnel felt about the lean concept. And even corporate education programs aimed at building an understanding for the need for change often end up being viewed as preaching the company gospel, a sentiment voiced by participants in the lean training program. Between these bookends are the internal and external consultants who are selling and marketing new ideas; the CKO played such a role in helping to introduce lean into the Chicago plant. In fact, as this book argues over and over, the actual implementation and diffusion of new ideas takes hold only when the receiver pulls in the new concept to address a local challenge. That is what was missing in the Chicago plant case.

Pulling Change

Pulling change rather than pushing it is analogous to pulling versus pushing inventory. The theory behind pull inventory is that a workstation should produce a widget only when a customer indicates that one is needed. This avoids wasted effort associated with excess inventory that adds cost, hides quality problems, and becomes obsolete. For pulling change, the theory is quite similar: ideas are put in place only when there is a challenge that the current knowledge and experience base cannot adequately address. If there is no challenge, either real or perceived, pushing change just leads to wasted efforts.

The receiver of a change, like the downstream workstation, must recognize the need for a different approach than is currently being used. For example, a manager might see the inefficiencies of organizing work so it flows haphazardly among three work groups. But if the groups are meeting their objectives and their customers are not complaining, an idea to improve productivity will probably fall on deaf ears because everyone appears to be happy with the status quo. In other words, this would be just pushing change on to a nonexistent problem. Pulling change, in contrast, starts when the end users, that is, the people who need to change their behavior or how the current operation functions, recognize a gap between their current knowledge base or approach and what is needed to achieve their objectives. As an internal consultant in charge of implementing common processes across a plant network noted, “At first glance, it looks like these practices are pushed down from the top. But it wouldn’t work that way. There is too much resistance. So we follow the pull strategy. We wait to hear from the plant management requesting help. . . . Oh yes, it has to be a pull!”

In many respects, ideas are the brain’s inventory. Ideas reap benefits only when they get put into use to solve a business challenge. That challenge might be a thorny problem that the organization cannot solve with its current warehouse of knowledge, or it

might be an urgent need to improve operations to stay ahead of the competition. In other words, ideas are useful only when someone takes an idea and solves a challenge being faced. The challenge, in essence, is the pull for implementing the ideas.

The challenge, however, must be something that the people who have to implement the change personally identify with. Neither the CKO (as the CEO's messenger) nor the new plant manager truly understood the challenges facing the Chicago plant's workforce on a daily basis. As a result, they were unable to find workplace challenges where lean would help shop floor employees overcome those daily impediments. The fact that the CEO had a challenge that lean would help solve was too removed from their daily lives. What the CKO and the plant manager should have done was find or develop outsider-insiders within the Chicago plant who could find workplace challenges that would pull in the lean manufacturing practices. This is the work of someone on the inside (*not* a corporate consultant or a newcomer to the plant) who is positioned to see what specific change has to be pulled where (that is, where the need "really" is).

Pure insiders have no reason to question their own assumptions; they are comfortable. Even when they encounter problems, their reaction is that the problem is elsewhere or they just have to do a better job of doing what they have been doing. It's like putting bigger and bigger bandages on a wound when it doesn't stop bleeding. Insiders may see the problems and have ideas on how to correct them, but they don't necessarily see the root cause because they are looking through their organization's cultural lenses. They don't question the system; they are totally entrenched in their organization's routines and just accept the way things are.

Traditional socialization processes can easily keep people from being able to step back and be objective about why they do what they do. Insiders experience the world they live within based on their organization's cultural assumptions. Indeed, for an organization to hold together and function efficiently, its members must share a core set of assumptions. If they didn't, chaos would reign,

with people constantly questioning one another and moving in millions of different directions. So shared assumptions are critical. But sometimes those assumptions get in the way. As one supervisor noted about a college intern, “As an outsider, he put his finger on a lot of the problems right away that I knew but didn’t really recognize because I was an insider.”

Being on the outside, or new to an organization, facilitates seeing potential gaps between an establishment’s current assumptions and the root cause of a challenge facing the business; the view is not blocked by internal cultural blinders. But while outsiders, such as external consultants, can observe gaps, their impact is limited to suggesting alternative approaches. It ultimately takes an insider to translate the applicability of those outsider views and apply them to a specific challenge facing their workplace.

The people who facilitate the process of finding opportunities to pull in new ideas are outsider-insiders. As one veteran outsider-insider who had a successful track record of introducing multiple new ideas explained, “In order to survive, you have to wear two hats: you have to be accepted as an insider but you have to have an outsider’s view to see the gaps. Success is dependent on wearing two hats. If you only have one, you can’t make change. If you’re only an insider, you’re stuck in the ways of doing things; if you’re only an outsider, no one will listen to you.”

As this outsider-insider described, insiders typically do not believe or trust that outsiders truly understand what it is really like within the organization. Outsiders, to both a specific operation (such as the Chicago plant) and the organization at large, rarely appreciate the entire set of norms and beliefs that underlies a work unit’s culture. Understanding why people within an organization act the way they do requires a much deeper insight. It takes living within a system to fully understand the complexities and subtleties of a culture. This is where outsider-insiders play a pivotal role in introducing new ideas or processes. By their very nature, they are able to see connections that pure insiders miss because they have a different way of seeing the world or explaining why things appear

to happen as they do. They are able to see where existing paradigms are the root cause of their organization's inability to accept new ideas or processes. At the same time, they are able to leverage the existing culture by living within the organization, another theme that is in the creation of true change.

As we will see throughout this book, introducing alternative perspectives into an organization is about more than just having and then implementing an out-of-the-box idea. It's about observing and using new and different methods to solve existing challenges that represent critical business needs. Those new approaches need to be grounded in a set of assumptions that attack the root cause of persistent challenges—root causes that are masked or overlooked by the existing organizational assumptions. Very few concepts or ideas are truly revolutionary. Occasionally someone will come up with an innovative concept, but for the most part, most ideas already exist somewhere in the universe. It is just that the mental models that would receive them within the organization where the idea is being introduced are rare.

Many opportunities to pull in change are challenges that are apparent to people within the organization, but current approaches to remedy them have failed to yield results. These present the easiest opportunities for pulling in new ideas. These problems may be a stand-alone issue or linked to broader strategic initiatives, for example, Worldwide's goal of introducing lean manufacturing. In the latter case, outsider-insiders provide the conduit for cascading new concepts throughout the organization. But there are also the "invisible" challenges ticking along as time bombs. These are often environmental changes that are obvious to outsiders but have yet to become visible to those inside. In many respects, these are the thorniest ones for outsider-insiders. These people not only have to help others see alternative viewpoints but must also help others to see the challenges confronting the organization. For outsider-insiders, all of these challenges look the same, but getting others to accept outsider perspectives is quite different.

Attacking a large organization head-on is a death wish, of course. It is well known that it is best to start with small wins that can eventually mushroom into large-scale change.⁷ But how does one identify and find situations that can produce those small wins that get the ball rolling? Worldwide's approach obviously did not work. The problem is that there are way too many ideas or changes being pushed on employees. When someone has or hears about an idea or innovation that seems powerful, he or she tends to try to convince others within the organizations that the idea should be implemented. As we saw with the CEO's attempt to introduce lean, ideas that are pushed on people occasionally get heard but typically are not owned. It is relatively easy to modify behavior in response to a program of the month or put up with a supervisor you know is a short-timer. But real change in behavior typically requires a new perspective and a reexamination of the assumptions we hold that lead us to behave as we do. Granted, new behaviors can emerge from forced repetition (a push) that becomes habit, but buy-in and understanding when and why those behaviors are appropriate is often lacking.

Although there is no shortage of resistant individuals and organizations, the downfall in introducing new ideas is often in the approach taken. Outsider-insiders have the potential to teach others to see a different perspective as well as help them adopt alternative approaches. But outsider-insiders must first learn when and how to introduce their ideas effectively. It often takes patience to find just the right opportunity to introduce "countercultural" perspectives. Unfortunately, many change advocates are overly anxious to get others to see their perspectives, and they get ostracized for being too pushy. Many see themselves as change agents, but in reality, they aren't the agents of change. Rather, it's the challenge they are trying to overcome that provides the impetus for introducing their outsider perspectives.

As we will see, outsider-insiders facilitate true change by being in the right place at the right time to observe an opportunity that will pull in alternative approaches and having the skills and a

process to lead the pulling in of those ideas to solve the problem. Some might argue that a problem needs to be large enough to gain attention, but all that is really necessary is that the targeted challenge be important and of some urgency to a subset of individuals. Strategically targeted small wins can grow by serving as a lever for building credibility for the new approaches. Put another way, these wins grease the way and reduce some of the friction in the pull system. The grease monkeys are the outsider-insiders who identify and lubricate the system! Their perspectives are basically tools that help others solve key organizational challenges.⁸

Outsider-Insiders Across All Levels of the Hierarchy

It is important to continually remember that outsider-insiders exist at all levels of an organization's hierarchy. Senior-level executives who champion new concepts or strategies are themselves outsider-insiders. Their viewpoint is typically strategic, and their focus is on systemwide policies and procedures. As such, they can provide overall sponsorship and protection for new perspectives, but their position within organizations usually prevents them from dealing with micro-level behavioral changes—the myriad day-to-day activities that aggregate into strategic transformations. They need supporting outsider-insiders who constitute a network of people observing daily challenges that provide opportunities for new ideas to be pulled in and applied. In other words, senior executives are the ones who develop strategic objectives to empower outsider-insiders throughout their organizations, but they must leave the hands-on doing to others. These senior managers also play a pivotal role in nurturing a supportive culture for fellow outsider-insiders by being champions and teachers of alternative perspectives.

Senior executives have the luxury of picking, mentoring, and, to some extent, protecting outsider-insiders, but individuals helping to introduce new ideas from the middle and lower levels of the organizational hierarchy must somehow identify people who are sympathetic to their perspectives. Although counter to conventional

thinking, there are many outsider-insiders in the often disparaged ranks of middle management. Their peers are typically viewed as the blockers of change, but lurking in the shadows are patient (and sometimes impatient) advocates of new and different ways of doing things. As one outsider-insider in a middle management role noted,

We have what we call the “ring of openness” in the middle of the organization. We make informal connections, often over coffee. We run into each other and figure out that we are allies. . . . The “ring of openness” is comprised of the folks who drive for change; they are the creative belt and it’s basically “managing your boss.” Below the “ring of openness” is the rest of the organization that is basically mixed. Their reaction when we suggest a change is, “Top management will never approve that.” We basically get enough support within the “ring of openness” and then go together to top management. We build support one-on-one with members of upper management before we go to them as a group. At that point, it is hard for them to say no.

In addition to personally being outsider-insiders, these key supporters of change help to pave the way for others within their organizations. Middle managers can match frontline outsider-insiders to problems that need outsider perspectives. And like their executives, they can coach and mentor working-level outsider-insiders in the ins and outs of navigating complex organizations and effectively introducing new concepts.

Then there are the frontline outsider-insiders. These are the folks who see daily challenges ripe for applying alternative assumptions to solve critical problems. Some are lucky enough to work in organizations that value and support outsider perspectives, but most only dream of such an environment. These people are the potential supporting outsider-insiders whom senior executives so desperately need to help transform organizations.

Unfortunately, many organizations turn to a true outsider, like an external consultant, to facilitate the introduction of new ideas. This is extremely aggravating for outsider-insiders, especially when

they hear their own ideas being parroted back by outsiders who are being paid for their supposedly fresh ideas. It's even worse when these outsider-insiders aren't even asked for their ideas but are the ones who have to implement those that are pushed on them by outsiders who may not fully appreciate the intricacies of their work unit. As one young engineer lamented,

We're really trying to improve cycle time. Most of the problems and resistance to change are cultural between the various functions and parts of the company. Although I could have suggested a process to reduce cycle times, they hired a consulting group to take the necessary steps. It is interesting to see how this works. Basically, these consultants only deal with the top people. Once they have the approval from the top, they just go to the relevant parts of the organization and make changes in whichever way they want without dealing with those involved in the actual processes directly. . . . I don't get the attention like these consultants do to make changes.

The situation facing this frustrated individual epitomizes the world in which many outsider-insiders find themselves. Although most organizations say they want change, outsider-insiders typically encounter enormous organizational resistance to their new ideas and perspectives. The path to successfully introducing new ideas is far from easy, and many proponents of change opt out along the way. Outsider-insiders who are successful in introducing new ideas or innovations have to prod, tweak, nudge, and sometimes shock their organizations. A common thread among the successful ones is an understanding of their respective organizational and work group cultures and an ability to find cracks in their proud, entrenched organizations to start the ball rolling. But finding opportunities that will pull in change is far from a solo act. It's a joint effort that requires patience and skills on the part of the outsider-insiders, coupled with organizational support that nurtures outsider perspectives.

Both individuals and their organizations must acknowledge the need to work together; this is a two-way street. Outsider-insiders must appreciate that true change is hard work, and opportunities to do so are rarely delivered on a silver platter. Similarly, organizations that expect outsider-insiders to single-handedly implement new ideas are living in their own fantasy world. For individuals, this means working within the existing culture and finding opportunities where they can use their unique perspectives to help solve key organizational challenges. The flip side is that organizations must learn to value outsider perspectives and create support systems that help outsider-insiders navigate through the tumultuous waters of pulling change into large and complex enterprises.

Developing a Cadre of Outsider-Insiders

Although many senior executives recognize the value of outsider-insiders, they need to do more than just click their fingers or throw pixie dust across the organization to convince others that these folks are valuable assets who need to be nurtured and rewarded. And they have to stop dreaming that simply hiring in will be the all-purpose solution. They must consciously develop and execute a strategy to develop and support a cadre of outsider-insiders throughout their organization.

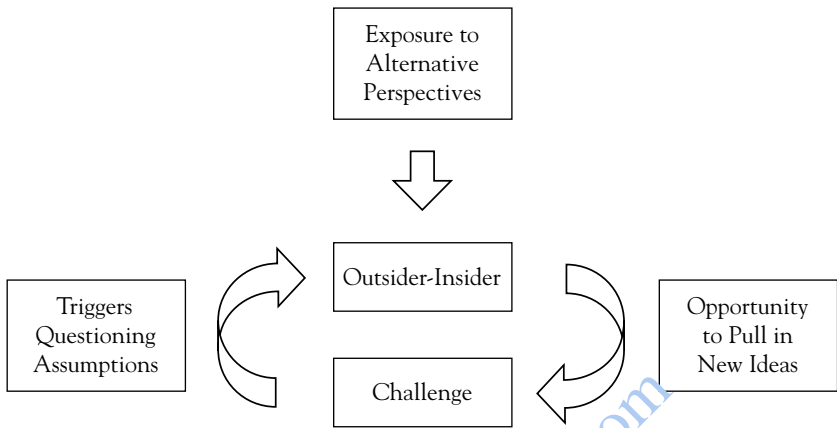
There are two types of outsider-insiders: outsiders who become socialized as an insider but retain their ability to step back and look at their situation as an outsider, and insiders who learn to take an outsider perspective. Hence, organizations that want to build a critical mass of outsider-insiders need both to help insiders learn how to question assumptions and facilitate an accelerated credibility-building process for newly recruited outsiders. This does not imply, in any way, that outsider-insiders should be treated with kid gloves or treated as “special people.” They merely possess a competency that is as critical and valuable as unique technical skills and should be developed and managed, as are technical experts.

Many organizations assume that the easiest way to create outsider-insiders is to hire new employees and assimilate them into the culture. The assimilation process, however, is what often destroys outsider perspectives. Thus, the socialization process for new entries must help them quickly learn about the organizational culture without stripping away their outsider hat and jump-start building an internal network to aid in finding opportunities to apply their “fresh” perspectives. The new recruits must also find ways to maintain external links and remain inquisitive as they build credibility and become part of the organization.

Becoming an outsider-insider from within (as opposed to a new employee) can start by recognizing a challenge that causes the insider to question internal assumptions or through being exposed to alternative perspectives that forces an examination of existing assumptions, as shown in Figure 1.1. It really doesn't matter which of these triggers comes first, but both are necessary for ultimately seeing opportunities to pull in change.

For their part, insiders, who have already been assimilated into an organization, can pick up outsider views in a number of ways. They may have a natural curiosity and maintain a diverse network of friends and work associates. These networks help them to continually question their own assumptions and those of their organizations. Or they may work with an external consultant, read a book, or listen to an inspirational speaker who leads them to question their fundamental assumptions about the world they live and work in. Another way that outsider-insiders are potentially created is through development activities, for example, going back to school or taking a new assignment in a vastly different part of the organization (such as a new function or location). Development activities are a way to break individuals out of any ingrained mental models that tend to foster complacency and reject diverse points of view. Overall, being an outsider-insider means creating and maintaining an attitude that continuously questions underlying assumptions. This is a process that can and should be managed.

Figure 1.1. The Development of Outsider-Insiders



Although some people may be more predisposed to becoming an outsider-insider, it is a learned behavior. When people become socialized and assimilated into one way of thinking, they need a jolt to question their assumptions. That jolt usually comes in the form of some sort of life experience that provokes an examination of what they believe to be true, such as a test or trial or a crucible.⁹ This often happens to individuals who have lived their entire lives in one locality and are sent on overseas assignments. They find an environment that is so radically different from what they are accustomed to that they begin questioning their assumptions about everything—both at work and outside work. The point is that overcoming adversity forces insiders to question their theories about why things work as they do and opens the door for them to become outsider-insiders. Sometimes jolts are totally nonwork related, but many are things that either managers or individuals can influence or control.

Being an outsider-insider can be situational. Many people are one-shot outsider-insiders. They may have even been successful in introducing a new concept but revert back to their traditional ways of thinking once the immediate challenge is conquered. These

momentary outsider-insiders quickly get reassimilated into the culture. Others learn to be outsider-insiders at an early age, and this attitude stays with them throughout their lifetime. The differentiating factor is whether they learn from the experience and recognize that it was their assumptions that were the root cause of their problem in the first place. Once they internalize that lesson, they are well on their way to being perpetual outsider-insiders: people who are able to avoid looking at situations through cultural blinders.

Although some individuals are outsider-insiders by nature, most people require help in learning how to wear two hats. Even those outsider-insiders who look at their world as an outsider need assistance in how to use their multiple perspectives effectively. Few organizational cultures are friendly to unconventional thinkers. So organizations that want to nurture outsider-insiders need to build support systems that attract and develop employees who can translate their ideas into organizational improvements.

Building a Change Capability into an Organization

There is a natural tendency to look for a magic bullet or a prescriptive approach to solve the eternal question of how to lead a change effort. Unfortunately, true change doesn't happen that way. As you read this book, you will not find any quick answers. True change takes time; it is not a simple quick fix where you bring in the change agents and straighten out the organization. It is the systematic creation of a change capability through learning how to build and use outsider-insider expertise.

This book is divided into two parts. The first part (Chapters Two through Four) lays down the foundation for true change, and the second (Chapters Five through Eight) walks through the process for building and maintaining a critical mass of outsider-insiders. Throughout the chapters, you will hear the stories of our interviewees, often in their own words. The imagery in their comments was rich and vivid, and I have chosen to use their quotations to ground the theory of true change in reality.

Our journey begins with a deeper look at how cultural blinders lead to missed signals, reading the wrong signals, flawed analyses, and application of wrong solutions. As we have seen, outsider-insiders are in a position to observe these errors, but they must turn them into opportunities to pull in their outsider perspectives. The pull-change framework in Chapter Two provides a process that maximizes the probability that outsider perspectives will lead to successful implementation of new ideas and true change.

Organizations have myriad challenges, however. Some of those need more immediate attention than others, and outsider-insiders need guidance as to which ones they should attack first. So in Chapter Three, we examine the alignment of daily micro challenges with macro environmental and competitive challenges. The chapter describes how outsider-insiders must focus on working-level challenges that are barriers to achieving strategic and tactical objectives. But there is a danger that ideas pulled in on a local basis are only piecemeal changes. Hence, this chapter also outlines how outsider-insiders at the top, middle, and lower levels of an organization must work in unison to propagate new ideas throughout the organization to create true change.

A critical point throughout this book is that “the culture” is not “the enemy”: it is something to be worked with and leveraged. Over time, the effect of multiple pulls will change a culture, but when change is first pulled, it is pulled into something existing—that is, the current culture. Building on our study of twelve major corporations, Chapter Four investigates ways that outsider-insiders can use the existing culture to begin getting others to recognize alternative perspectives. As we will see, three structural beams can provide leverage for outsider-insiders: (1) the criteria that organizations use to evaluate ideas, (2) whom organizational members listen to, and (3) whether outsider perspectives need authorization by influential champions.

The second half of the book turns to building an organizational capability for true change. The architecture for building that capability is infrastructure that aids outsider-insiders as they go about

finding opportunities to pull change into their organizations. The infrastructure is a set of interdependent practices and policies that helps insiders develop outside perspectives and nurture new recruits as they become outsider-insiders. Developing and effectively using a cadre of outsider-insiders is not just hiring creative people or sending insiders off to a training program to be exposed to new ideas. And it is not a responsibility simply handed off to the human resource department. Rather, creating an outsider-insider support infrastructure is the work of line managers who are themselves outsider-insiders and see the need for creating a critical mass of outsider-insiders at the working level who are aligned with the macro challenges.

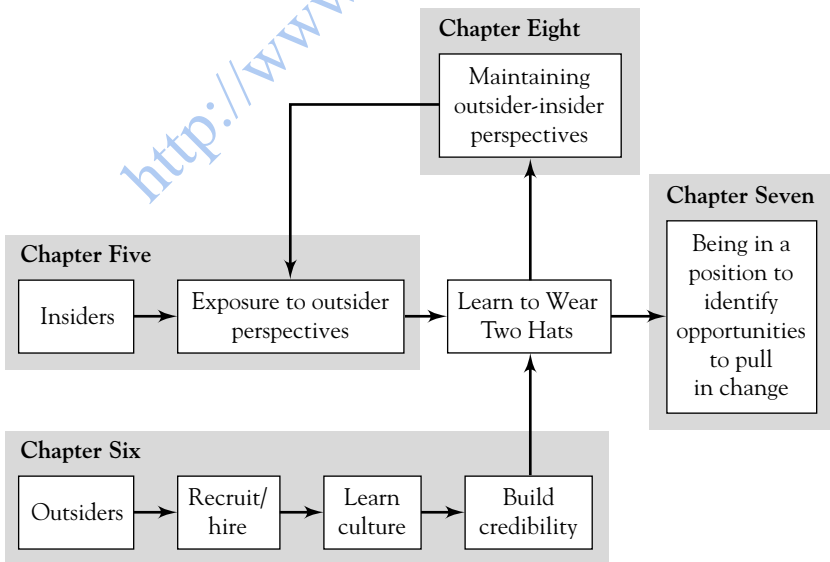
Building on the idea that one must leverage the existing culture to change it, we will use two best practices cases to illustrate the need to develop outsider-insider support systems that fit into (but nudge) the current organizational culture. We will compare and contrast two large corporations that have consciously attempted to develop and nurture outsider-insiders. Each developed an infrastructure that fit its unique cultural attributes. BigFab, a traditionally risk-averse fabrication and assembly operation, built formal systems that leveraged its hierarchical, top-down culture. HiTech had to rely on a more informal approach using internal networks, since its meritocratic policies dictated that no group be afforded special development opportunities. In the end, both were successful in building a critical mass of outsider-insiders to help their respective organizations respond to changing competitive environments.¹⁰

As we have noted, there are two sources of raw materials for developing perpetual two-hatters: outsiders and insiders. Down the road, they look the same as both become outsider-insiders. But insiders need to be exposed to outside ideas and learn how to wear two hats, and outsiders need to develop credibility as an insider without losing their ability to see things through an outsider's hat. Hence, the processes for developing these two groups into outsider-insiders are quite different but need to be symbiotic. As shown in

Figure 1.2, the two paths merge and become one once people learn how to wear two hats: that's the point where the two sources look the same.

In Chapter Five, we explore two routes by which insiders become outsider-insiders. The first is through immersion on the outside (for example, cross-functional or overseas assignments or going back to school full-time). But organizations often do not have the time or the resources to provide large groups of employees with such development opportunities. Hence, the second route is by looking through a window to the outside (for example, being a member of an interdisciplinary or globally dispersed team or attending classes on a part-time basis). Although cultural blinders, or what we will call cobwebs on the window, tend to restrict what insiders see when they look to the outside, there are processes to help insiders clear away those strands.

Figure 1.2. Building Organizational Capability for True Change



Note: Champions, mentors, and networks are critical at each step.

We then move to bringing in outsiders and teaching them how to wear two hats—in other words, encouraging them to continually address challenges with fresh perspectives the way they will do during their first few months in an organization. As Chapter Six makes clear, this is no small feat. There must be truth in advertising on both sides—by the potential newcomer and the organization—to avoid unrealistic expectations. Organizations must clearly articulate their current and aspired cultures, and individuals must be honest around their personal goals and objectives and the type of organization they feel comfortable working in. Once outsiders are on the inside, they must learn the culture and build credibility as an insider without losing their outsider perspectives; that is, they must become integrated without being totally assimilated.

Creating a critical mass of outsider-insiders is only the first half of building an organizational capability for true change. Outsider-insiders are always in a state of potential, pulling change is the outcome of tapping into that potential. Unfortunately, many opportunities to pull in new ideas end up being merely serendipitous without a system that consciously matches outsider-insiders to key organizational challenges. Chapter Seven begins with the story of a senior-level outsider-insider who is a self-proclaimed “network attractor,” that is, a person who has a large network and uses it to help other outsider-insiders get to the right place at the right time to identify gaps and help solve organizational challenges. The chapter describes how networks are built and used to implement new ideas. One critical network node is the sponsors of individual outsider-insiders who act as matchmakers to help outsider-insiders find key challenges that will provide opportunities for pulling in outside perspectives. But as we will see, there is a dark side to heavy-handed advocacy, and at some point outsider-insiders must demonstrate their own competence.

Outsider-insiders also need a support network of like-minded folks. These people provide a sounding board and coach or mentor fellow outsider-insiders. Support can come from one’s family, friends, or work environment, but our focus is on the last of these. Mentors

play a critical role in helping outsider-insiders to exploit opportunities to pull in change. Sometimes one mentor serves multiple roles, but most outsider-insiders develop a network of mentors. These mentors or coaches provide support, formal and informal, for developing and sustaining people who are often viewed as, and treated like, aliens within their organizations. Furthermore, support networks help to diffuse outsider perspectives and build a critical mass of outsider-insiders who are ready and able to use their two hats to find opportunities to pull in new ideas in response to environmental or macro pulls. But at every step of the way, the outsider-insider “supply chain” is a shared responsibility between outsider-insiders and their organizations. Opportunities are not just given to developing outsider-insiders; they must be earned.

But no matter how good the support system may be, outsider-insiders who attempt to pull change have to fight against losing their ability to continually reevaluate current assumptions. It is a constant struggle to keep the two hats in balance. Some people gravitate toward insider ways of thinking, while others clinch so tightly to their outsider hat that they lose credibility as an insider. With few organizations truly valuing countercultural points of view, outsider-insiders must possess perseverance to simultaneously wear both hats and continually examine assumptions—their organization’s and their own. Without continual vigilance, individuals can find themselves in the same rut as their organization: stuck in their own set of assumptions that prevent them from accepting alternative points of view.

We conclude the book with a look at how outsider-insiders can, and must, continually examine their own assumptions to prevent getting caught in the vicious cycle they are trying to break. As they encounter new situations, their assumptions need to evolve. When outsider-insiders are effective in getting insiders to accept outsider approaches and the resultant changes become embedded in the culture, they become just another insider unless they constantly refresh their outsider perspectives. Their value as outsider-insiders lies in their ability to repeatedly observe gaps where internal

assumptions are blocking achievement of goals and objectives in a dynamic environment. Organizations can help in this regard by providing further development activities to help outsider-insiders maintain their ability to wear two hats through their careers. As we will see, true change is dynamic, and so are the careers of the people who facilitate true change.

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