PLANNED CHANGE IN ORGANIZATIONAL SYSTEMS

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Introduction

In our present and projected turbulent environment, the relationship between individual social and emotional health, and organization health and effectiveness, is a primary concern - both of those who manage organizations and those who are concerned with helping them change and grow.

All of us whose professional work is in helping develop more fully functioning persons in organizations are right at the interface of this problem.

I want to talk today about planned change efforts at the organization or system level. Starting with several assumptions about organizations and change, I will look at some of the major goals and characteristics of system-wide interventions; I will examine briefly some of the end results hoped for with such interventions: I will then describe a model I use for diagnosing a system and helping its leaders plan change strategies; and finally, I will hope to illustrate such an intervention in action through a brief description of a current large scale, system-wide change effort.

Etzioni, in his book, The Active Society, provides a useful framework for thinking about different approaches that professionals use in working with individuals and organizations. He defines three types. The first he calls "mini" social sciences. Their practitioners are primarily concerned with individuals in small face-to-face groups; or working with numbers between 1 and 60; with work teams and families. These mini social sciences derive from the disciplines of psychology and social psychology and the sub-disciplines of learning theory, personality theory, group dynamics. Another type he calls the "midi" social sciences. There the unit to be worked is the organization and small societal system; the population is from 1,000 to a million. Examples would be General Motors, neighborhoods, universities. The disciplines involved are organizational
psychology, organization science, microsociology, community theory, and microeconomics. A third type he calls "maxi" social sciences. They are concerned with societal and intrasocietal matters where the population is between 10 million and 2 billion. Examples are nations or ethnic groups. The relevant disciplines include public opinion, political science, and communications. All of us who are practitioners at the interface of the individual and the organizations have some particular posture toward this as well as some target populations. I wish to talk from the approach of the midi or the organization and small societal system. Let me share a few predictions.

1. A fundamental dilemma which has always existed for organization leaders but is now in the forefront of their concern is: "How to organize and mobilize all the human energy in the organization toward the achievement of the organization's missions -- production, services, etc. -- and, at the same time, how to organize the work, the relationships, the communications patterns and norms, the decision making, the rewards, that people's individual needs for achievement, self worth and recognition are significantly met in the organization's setting."

Until relatively recently, whether organization leaders paid much attention to the second part of this issue -- meeting individual needs -- was largely a function of their own value system and their own humanistic concerns. With the environment and value explosions of the 60's (1) the option to ignore this second half of this issue is no longer available to organization leaders.

2. Secondly, the increasingly dynamic environment caused by the explosions of knowledge, technology, communications, and affluence is likely to exist and accelerate in the 70's. American, Anglo-saxon, Judeo-Christian, and other values are and will be deeply challenged by the young, by ethnic and other minorities and by emerging peoples, who see the possibility of fundamental
societal change as a real and realistic goal.

3. Society will be composed in the next two decades of institutions many of which will require new forms, new structures, changing memberships.

4. Effective, coping institutions are likely to have the following characteristics:

- They will be **purposeful**. They will be operating from goals at the organization level, the group level, and the individual level.

- Competence will be more relevant than role. Decisions will be made where competence is located.

- They will be **self-renewing** and **self-sensing**. They will have mechanisms for continuously taking their own temperature, and for replanning.

- Work will be planned both to satisfy achievement and recognition needs of individuals; and to accomplish worthwhile organizational tasks.

- Reward systems (compensation, psychic rewards) will be closely related to work and contribution rather than to organization position or role.

- People throughout the organization will demand and expect to influence their work environment and organization priorities.

- Communications will be relatively open and undistorted.

- The management of conflict will be a core skill for organization leaders.

- Change strategies within the organizations and in the environment will include several modes: problem solving, confrontation between groups, and advocacy.

- There will be more explicit attention to change management with representation from many parts of an organization planning change.
It is to help an organization move toward these conditions that many planned, system-wide change efforts are directed. The fashionable label describing such efforts is organization development. Organization development, in practice, has as many definitions as it has definers. For me it means: a planned, managed-from-the-top change effort to move the organization toward better health and effectiveness through applying knowledge of the behavioral sciences in the following ways:

A. Strengthening the effectiveness of the groups/teams, fixed and temporary, that make up the structure of the organization.

B. Improving communications, problem solving and conflict management at the interfaces between groups.

C. Helping the leadership become more effective in goal setting and planning, organization-wide; helping groups become more effective goal setters; helping develop norms and skills for individual performance improvement and target setting; helping develop better practices for individual career and life planning.

D. Helping make work more meaningful through analysis and enrichment of work.

E. Helping devise more appropriate reward systems.

F. Helping organization leaders develop sensing mechanisms, for diagnosing the "state of the system" -- and for developing strategies to improve it.

Functioning as an organization or system change agent, I see a primary mission being one of helping the organization's leaders be better able to diagnose their own situation; to develop a data-based way of managing through an "action research" approach. By this I mean that the management conducts its activities with continuous assessment and data collection of the state of the system. This information is fed back to the relevant parts of the system and
is used as a basis for planning improvements, modifications, and changes. Helping organization leaders use this mode as a "way of life," is one specific goal for me.

The kinds of conditions in large organizations and their environments which call for an organization development program, as I have defined it, are (1) the need to change the culture of the organization. An example would be a change from a family-owned to professionally managed organization; or from management by an elite to more participative management; (2) a change in the fundamental managerial strategy, the relocation of decisions, rewards, etc.; (3) a change in the way work is done where, when, and by whom; (4) a change in the managerial processes such as communications, decision-making, etc.

I'd next like to share a model I have found extremely useful in diagnosing a system: diagnosing the needs for change and developing a change strategy. I have found this model relevant to practically any change situation I have encountered. It provides for me, a set of ways of looking at a system, locating priorities as well as methods for working with it. It is a relatively simple model in one sense; yet, I have found that if I really answer the questions it asks, a considerable amount of time and effort is involved. Let me describe it.

A. Determine the type of change problem. Is it a problem of change of attitude? Change of behavior? Change of procedures? Change of structure? Change of processes? If, as is possible, it is all of these, which are the priorities and which should be worked first?
B. Determine the appropriate sub-systems around this change problem.

Who, in terms of individuals, or groups, or units of the organization, is specifically concerned with and affected by this particular change problem? The answer to this may or may not be the same as the organization chart.

C. Determine each system's readiness (willingness) and capability (competence or environmental constraints) for change.

For example, it may well be that someone is very eager to change a norm or a procedure or the governance of an organization or his own performance but he may, either due to his location in the system, his influence potential, or his own capacity, be incapable to do anything about it. An analysis of readiness and capability is very helpful at the early diagnostic stage.

D. The examination of one's own motivations and resources for the change.

What is the desired change from my point of view? What values are involved? To what degree am I an advocate or a methodological consultant? Also, what resources do I bring and what resources do I not have for working the problem?

E. Determine intermediate change goals and strategy.

For example, if the desire is to have all the work teams in an organization doing systematic goal setting or sensing of their own effectiveness, it might be that a realistic intermediate strategy would be to have that program operating for the top team in the organization within the next year; or for one team in each major area, or some other variation.
F. Determine the initial entry points based on the leverage that one has as a change agent against the various systems.

Here again, each system should be analyzed for its readiness for change, accessibility to the change manager, and linkage to the system. For example, if one wishes to introduce a management development program and there is a highly enthusiastic personnel director and a mildly interested chief executive; in determining initial action steps such as who announces the program and the effects of the announcement on the organization, one can assess the relative readiness, accessibility, and linkage of each of the two men and balance these three variables out. A decision can then be made in terms of what will optimize the effects of the announcement.

This, then, is a model which I have found to be generally useful for moving into a system and helping them diagnose their situation and prepare a strategy for development, or improvement, or change. In order to make this a little more operational, let me describe a complex change effort that is now going on. The setting is in a very large industrial organization in England. This company, along with many other industrial organizations, is faced with the problem of how to improve productivity and effectiveness in a deteriorating industrial relations climate. Attempts have been made by many organizations to develop productivity agreements whereby on a 'tit-for-tat' basis more work produces more pay. These agreements have not produced the kind of results or satisfactions that might have been hoped.

In this large organization, a group of the top management using this change model decided to try a very different approach to the problems of manpower utilization and changing worker needs. They developed a program, which was negotiated
nationally with trade unions; it started with a five-year experiment: the basis of the plan was that, within any local area, if the trade union leadership and the management groups in that area agreed to sit down and explore ways of optimizing the work conditions in that area, the area was designated as a trial site or experimental area under the negotiated agreement.

Given such joint agreement, and commitment to a thorough exploration and to a work improvement program which might include cross-craft operations; removing layers of management; new processes...and after designation as a "trial site," all the workers (trade union members) on that site were given an immediate 15% boost in their base pay. This was a one time payment which improved their wage base for their lifetime. It was independent of annual negotiations for raises, etc. The management's assumption was that a major increase in productivity could be achieved through this collaboration. They felt that a high proportion of savings should be shared out among those who produced the new results.

The actual result was that the company achieved greater than the anticipated productivity from those units that became trial sites. This change in wage status produced inequities between the union and non-union people. There was, therefore, a need for dealing with these inequities. The company had a choice of installing some similar program for the lower levels of white collar workers, or of moving beyond that to an organization-wide goal setting effort. It chose the latter course.

As a result of this decision, during the year 1970 well over 40 thousand people in departments, sections, and units all over the enterprise have been sitting down as work teams and functional groups in order to define the criteria against which they feel their performance effectiveness should be measured. Against those same criteria, they are describing where they will be on January 1,
1971. These self-developed criteria and targets are reviewed by review committees in each major sub-system of the organization. If approved as realistic, the bottom grades of white collar personnel receive a 15% boost, similar to the blue collar workers. The upper grades do not receive a financial reward.

What this process has done is to mobilize the energy of almost 50 thousand people in thinking purposefully toward improved productivity for the organization and improved achievement and satisfaction for themselves. In understanding this program several assumptions were made.

1. That people basically had the interest and drive to work on this type of activity. By and large this has tested out.

2. That competence would be needed to provide leadership for this activity. Back-to-back training sessions on group leadership, membership skills, and planning have been conducted throughout the organization.

3. That with such a massive effort there would be a need for resource people to be available for consultation and help to the line and staff leaders of the units working these problems. Over a hundred people have been detached, either full or part time, from their regular duties; have undergone intensive training experiences, and are functioning as "change agents" within their units and organizations. Thus, a cadre of internal consultants has been developed which will provide an ongoing resource to the organization.

This rather large system effort operating under heavy time pressure due to economic and legal as well as psychological requirements, is an example of a total system intervention. As an organization change effort its aims are:
1. To change cultural norms from those where decisions as to structure and work were made by either top line leadership or specialists, to one where these decisions are made collaboratively between the performers of the work, and their leaders. They are assisted technically by specialists from the management sciences and the behavior field.

2. To quickly and significantly increase the competence of large numbers of managers at all levels. To plan purposefully and collaboratively, and to apply action research methods to their ongoing work.

3. To increase the ownership in change from an elite to a large base of people.

4. To help people better integrate their own personal goals with organization goals and mission.

5. To relate rewards and share-out (in a different way than before) to the planning of work improvement, as well as the performance of previously planned work.

How well this experiment in change will maintain itself in the years to come is a matter for future historians. What is clear, however, is that this large organization has changed its fundamental culture, managerial strategy, and many of its norms, and can never return to where it was. To sum up, I have been saying that the relationships between individual development and organization development are a primary concern of all of us today; that large system interventions are needed to help organization leaders examine their culture, their values, their strategies; that such interventions are aimed at increasing organizational health and effectiveness and viability; that such interventions can be planned and should be managed from the top that behavioral, science knowledge can be used to help in strengthening the effectiveness of groups, intergroup interfaces, goal setting and planning, work and reward system. I have
described one which works for me. Finally, I have tried to look at a case where these matters were, in fact, practised.

To go back to the beginning of my remarks, I recall last year in a paper Warren Bennis said that the crucial confrontation of the 70's will be between those with knowledge and not much power and those with power and not much knowledge. It seems to me that those of us who have chosen the route of professional change agents, to the degree that we are both professional and carriers of knowledge, are also in a position of considerable power. If we use this power appropriately for linkage between the sources of knowledge and the institutional power, we can make a significant difference in the betterment of our institutions; and, more significantly, of the people who man them.