A New Way of Guiding Large-Scale Organizational Change

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Abstract: Organizations need to have the resources, skills, knowledge, and support to effect change. Gaining a competitive advantage through large-scale organizational-change (LSOC) efforts requires a new way of thinking—a shift from the old, mechanistic view to an organic view of organizations. It requires a new way of leading, and the subsequent design and implementation of interventions based on these new ways of thinking and leading. This article defines large-scale organizational change and distinguishes it from routine change. It presents a practical model, the LSOC Cycle, to illustrate the elements involved in large-scale organizational change and the new ways of thinking and leading. It discusses these elements and presents the pitfalls that accompany each. The article also introduces the four new roles required of leaders who will be guiding large-scale organizational change and explains how organizational change agents and leaders can fulfill those roles. Finally, it discusses the implications for selecting interventions that will bring about effective organization-wide change.

Introduction

The prosperity and the survival of U.S. organizations depend on their ability to effectively plan and implement large-scale organizational change. During these turbulent times, many organizational leaders are responding to the chaotic business environment by attempting to implement deep, pervasive organizational change through downsizing, mergers, and reengineering of business processes, in the hope of gaining a competitive advantage by improving the quality of services or products and, therefore, productivity and profit.

Unfortunately, many of these organizational-change efforts are falling critically short of their objectives. Simply installing new techniques and programs such as employee involvement, just-in-time inventory control, reengineering, total-quality-management methods, and leadership training has proved to be a disappointing path to improvement. Nicholas Horney (Horney & Koonce, 1995), a managing associate with Coopers & Lybrand, points out that "Despite the media attention, the verdict on many reengineering efforts today is mixed at best. In fact, a recent business survey by a leading human resources consulting firm suggests that nearly two-thirds of all restructuring efforts are clear failures."

These change efforts, which usually are launched with great enthusiasm and fanfare, typically run into serious resistance and impediments during implementation and produce disappointing financial results. Many do not last more than eighteen months. The unintentional results of these efforts often include high employee turnover, dangerously low morale and productivity, and a workplace atmosphere of fear and discomfort. People view the change initiative as the "fad of the year" (Veltrop, 1991, p. 3).

For example, a CFO of a major food-distribution company related the following story about his company's failed change efforts:

> This company has made money, has been profitable, just doing gangbusters, up until 1992. We lost a lot of money in 1992 and then made money in 1993 and 1994 but, relatively speaking, it's half of what we made before. And we have only accomplished that through eliminating jobs, eliminating people, finding smarter ways to do things, and we are doing more work with fewer people. It's great creative stuff, and it is necessary. But the change in the culture and the change in the organization and the [fact that the] pace has picked up so dramatically has stymied the people. People are so busy doing

the tasks, it leaves them shell-shocked, so they can't be there emotionally a lot of the time. I think they have a bit of an empty feeling inside as a result of it. I know I do.

We didn't understand the implications of the changes. We (the executives) were making decisions about how we were going to start the changes, but we didn't look at the long-term implications. It ended up costing us a lot of money, and we had to go back to the original structure and begin again.

A New Way of Thinking

The CFO's situation is typical of the many problems that leaders express about organizational change. The story illustrates that designing and implementing changes based on traditional thinking and leading is failing. The key, therefore, to gaining a competitive advantage through LSOC efforts is a new way of thinking, a new way of leading, and the subsequent design and implementation of interventions based on these new ways of thinking and leading.

Traditional thinking about how organizations operate is not helping to achieve today's desired results. As Hammer and Champy (1993) point out, the problem is that U.S. business is entering the 21st Century with organizations designed during a different century. Organizations are trying to navigate a 20th-Century world with a 17th-Century map. The work of Sir Isaac Newton, Emil Descartes, and Sir Francis Bacon laid the foundations for the last three hundred years of organizational progress. These entrepreneurs of the 17th Century established ways of thinking that many of us still hold dear—that the world is a great machine and that we can best understand this machine by analyzing its parts. Scientists and managers have hoped that by understanding the workings of this great machine, we could then predict everything. But we now know from history and from personal experience that we cannot predict everything, nor can we make organizations work perfectly.

Based on mechanistic thinking, managers have been taught to divide their organizations into separate parts, and these often are subdivided into departments or functions. Managers have been taught that operations should run smoothly, like machines. Managers also have been taught to treat workers like machines, i.e., assigning their roles and tasks; making them accountable for bottom-line results; providing feedback on observable facts; and ignoring their abilities, emotions, and beliefs. Simply implementing changes based on the tangible side of business, such as short-term objectives, profitability, and productivity, is not succeeding in achieving either the formal, desired results

of profitability or the less formal—but equally necessary—conditions requisite for personal satisfaction and productivity.

Mechanistic thinking creates cumbersome bureaucracies and complex hierarchies that simply do not work when things need to be done quickly in an environment that changes constantly. The result is the dissatisfaction of workers and managers alike. Employee morale is depleted. Low morale diminishes productivity, which causes the monetary losses that management was trying to avoid in the first place.

According to the literature on organizations and new authors such as Wheatley (1992), the challenge of our times is to invent and discover organizational forms that can be as resilient, adaptive, and healthy as most living organisms. We need to expand our thinking and change our ways of creating and engaging in business from a mechanistic point of view to an organic point of view. We must view organizations as living, breathing organisms rather than as parts of a machine.

Because the role of change agents, such as line managers, human resource professionals, consultants, and trainers, is to help organizations plan and implement complex organizational change, they must consciously help themselves and their organizational members to expand their thinking along the following lines:

- from separate parts to connectedness and wholeness,
- from results to process,
- from outer resources to inner resources,
- from sameness to diversity and plurality,
- from control over society to reinstilling spirit into society,
- from observable facts to intuitive wisdom,
- from profit/productivity to higher purpose/vision,
- from a material age to a relationship age.

The concept of a shift in thinking is not new, but, until recently, U.S. organizations could ignore it and still be profitable. As Hammer and Champy (1993) point out, when organizational costs were high, they could be passed on to customers. If customers were dissatisfied, they had nowhere else to turn. If new products were slow in coming, customers would wait. If employees were dissatisfied and left, they would simply be replaced. The managerial job was to manage growth, and the rest did not matter. Now that customers and workers are more sophisticated, and now that growth has flattened out, the rest matters a great deal. U.S. businesses are feeling mounting pressures to embrace the new way of thinking.

Figure 1 illustrates the notion of expanded thinking.

From Traditional Thinking	To Expanded Thinking
• Newtonianism	• Quantum physics, Chaos theory
• Mechanistic	• Organic
• Separate parts	• Connectedness/wholeness
• Results	• Process
• Outer resources	• Inner resources
• Science	• Spirituality
• Sameness	• Diversity/plurality
• Control over society	• Respiritization of society
• Observable facts	• Intuitive wisdom
• Profit/productivity	• Higher purpose/vision
• Materialism	• Relationships

Figure 1. Old and New Ways of Thinking

A New Way of Leading

Successfully guiding organizational change in today's chaotic marketplace requires not only a new way of thinking but also a new way of leading. Leaders need to update and expand their leadership maps. Existing beliefs about leadership in organizations were influenced by years of mechanistic thinking. For example, traditional leaders pride themselves on "getting the job done," they recognize individual performance, they are preoccupied with power and politics, and they focus on short-term results—even when this negatively impacts long-term performance. They make decisions based on external data, taking into consideration only the observable facts and "rational" information. They look for ways to "treat" organization ills; they try to "fix the broken parts" of the system. They align structures and systems to maximize profits and efficiency even when it is at the expense of human needs. Traditionally, a leader's personal development is aimed at gaining external knowledge and skills, such as "five quick steps in giving feedback," or "three easy steps to recognizing results."

The traditional ways have served the purpose of allowing leaders to get the organizational results they have gotten so far. But they are no longer sufficient to enable organizations to survive in a changing world. Managers who rely on traditional forms of leadership will continue to face dilemmas such as the CFO's in the story at the beginning of this article.

In order for change agents' views of leadership to be congruent with the new way of thinking, which will prepare them to lead in a rapidly changing business environment, they must expand their perspectives. It follows that change agents who embrace the new way of thinking also must seek meaning in the work that they and their employees perform, and must seek the true value that their product or service contributes to their customers and to society. They must not only value individual performance, but also must value team performance. They must search for purpose, values, and ethics in their lives, including their personal lives. They must not focus only on short-term results, but also must have a long-term business orientation that does not compromise their values and principles. They must make informed decisions, not by relying only on external data, but also by taking into consideration internal data such as their intuition or "gut feelings." They must align structures and systems in a way that maximizes not only profit but organizational and human potential as well. The leaders must not only develop themselves from the outside, by doing such things as attending traditional classes and seminars; they must develop themselves from the inside, doing their personal work. They must seek their internal wisdom and values and peel away layers of former mechanistic thinking to get at the essence of who they are. This will allow them to act with authenticity and integrity as leaders.

Figure 2 illustrates the contrast between the traditional and expanded ways of leading.

From Traditional Leadership	To Expanded Leadership
• Need to get the job done	• Need for meaning
• Reward individual performance	• Reward team performance
• Preoccupation with power and politics	• Preoccupation with purpose, values, and ethics
• Short-term orientation at all costs	• Long-term orientation without compromising values and principles
• Decision making based on external data, such as observable facts	• Decision making includes data from internal sources, such as intuition
• Treatment	• Prevention
• Fix the current system	• Create the future
• Align structures and systems to maximize profit and efficiency without regard for human needs	• Align structures and systems to maximize organizational and human potential
• Professional development focusing on external knowledge and skills	• Personal development focusing on internal wisdom and values

Figure 2. Old and New Ways of Leading

Just as the shift in thinking is not really new, the shift in leading is not new. These perspectives have been known in the field of organization development for years. What is new is the mounting pressure, generated by both the external environment and personal imperatives, to implement the new way of leading. It needs to be enacted on a day-to-day basis and applied in the design and implementation of interventions for achieving deep, pervasive organizational change.

Large-Scale Organizational Change

Based on the new ways of thinking and leading, the design and implementation of large-scale organizational-change interventions should:

1. Be based on environmental realities and the future direction of the organization;
2. Take into consideration the organization's ability to implement the change and how the intervention will impact the organization and its key stakeholders, such as employees, customers, suppliers, and communities;
3. Inspire the commitment of managers and employees to act on the intervention; and
4. Support continued learning, thereby encouraging individuals, groups, and the organization to rise to higher levels of success and satisfaction.

A pressing dilemma for change agents who are charged with LSOC initiatives is the lack of practical models and tools to help their client systems effectively design and implement LSOC and to reduce potential pitfalls. There is a limited amount of design and implementation of LSOC and resultant documented research because it is a relatively new field. This has led the author to develop some practical models. In order to understand the LSOC model presented in this article, it is necessary to understand the differences between large-scale organizational change and routine, incremental change.

The Differences Between Large-Scale Organizational Change and Routine, Incremental Change

Large-scale organization change is a deep and pervasive change in the character of an organization that significantly alters its performance (Mohrman, Mohrman, Ledford, Cummings, & Lawler, 1990). Depth of change refers to

shifts in organizational members' basic beliefs and values and in the way the organization is understood; such shifts are often emotionally intense. LSOC is in contrast to small-scale, routine changes that are made to "fix the problem" or organization or fine-tune organizational subsystems; these often focus on continuous improvement of existing structures, systems, and technologies, and have a trivial effect on system performance (Mohrman et al., 1990). "Pervasive" means that the change permeates the entire organization; it eventually affects the whole organization, including subunits and individuals. Implementing such change affects both the psychological and strategic aspects of an organization (Kilmann, 1989).

Given the preceding definition, the following general concepts apply to LSOC:

Complexity: LSOC is a complex process and does not lend itself to simple prescriptions or programmed approaches.

System-wide: LSOC requires a system-wide, holistic approach, focusing on all aspects of organizational health. It combines a business perspective with a people perspective to foster organizational change.

Ongoing: Change is an ongoing organizational process, not a periodic event or program.

Embracing Change: Organizations need to embrace change rather than attempt to control it.

Time: The more deep and pervasive the change, and the larger the size and complexity of the organization, the longer it will take to achieve the change. It spreads throughout the organization at different rates of absorption because of different capacities for learning and changing (Kilmann, 1989).

Integration and Alignment: Large-scale change efforts must be integrated and aligned. The efforts among individuals and groups must be integrated, and they must be designed and aligned with the current and future purposes, needs, and direction of the organization and its key stakeholders.

Large-Scale Organizational Change as a Cycle

Designing and implementing LSOC initiatives also requires a new way of thinking, which is different from traditional, programmatic, incremental, compartmentalized change. Large-scale organizational change must be viewed as a cycle—a living, breathing, ongoing process that continually needs to be adapted to the internal and external demands of the organization. Figure 3 shows the LSOC Cycle, a practical way to visualize and integrate the concepts of LSOC.

Figure 3. The LSOC Cycle

The figure shows that environmental pressures surround and impact organizations and their key stakeholders. During times of uncertainty and turbulence, leaders must anticipate and cause effective organizational change. LSOC demands not only fluid adaptability to environmental changes, but also a bold vision and a commitment to that vision. Commitment evokes action. As a result of action, breakdowns naturally occur, and the learning that results from the breakdowns helps the organization and its members. Seeing new possibilities and committing to a vision leads to action to fulfill the vision. In the process of dealing with the inevitable breakdowns, people learn.

This cycle, which is critical to understanding and keeping up with the rapid pace of change, must ultimately occur at all levels of the organization. The breakdowns and learnings must be rewarded, not punished; they must be celebrated, not mourned.

The LSOC Cycle, therefore, encompasses and integrates the following components: stakeholders, environmental pressures and requirements, the perceived (and understood) need for change, a vision of the future and of what it takes to make these changes, a commitment to change, action (based on the vision), and the learning that results from what happens when changes are implemented. The learning then is applied to the ongoing cycle of designing and implementing change.

Stakeholders

At the center of the model are the stakeholders. Key stakeholders include employees, managers, executives, customers, suppliers, community, and any other person or group that is significantly impacted by the large-scale organizational change. The implementation of a large-scale organizational-change initiative affects every key stakeholder. When designing an LSOC initiative, it is critical to take into consideration the impact on each of the stakeholders and to plan how to best meet the needs of the stakeholders.

Commitment at all levels in the organization is a critical factor in the successful implementation and maintenance of complex change. Change requires a combination of top-down, bottom-up, and horizontal direction.

The Environment

Internal and external environmental pressures create a perceived need for change. Change is registered and anticipated by the organization in many ways, such as through economic pressures, new opportunities, technological imperatives, legal constraints, and cultural pressures (Mohrman et al., 1990).

A common pitfall in planning an LSOC initiative is using a simplistic model to diagnose and implement complex change, and hastily designing a future plan without paying attention to the environment and the key stakeholders.

A Perceived Need for Change

A perceived need for change usually is accompanied by a sense of urgency. When this occurs, an organization often responds in one of two ways: either by focusing its attention and action on fixing the current system or by creating a new system to respond to current and future needs.

The ability to create a new system based on current and future needs (rather than old problems) requires that organizational members understand and experience the need for change. This involves experiencing discomfort and dissatisfaction with the current environment and the status quo in order to become sufficiently motivated to try new strategies and new behaviors.

The following methods can help to generate a genuine and urgent need for change (from management to the newest employee):

- Sensitize organizational members to the pressures of change by revealing the discrepancies between the current and future states of the organization,

- Convey the personal and organizational benefits of change,
- Convey the negative consequences of not adapting and changing.

Managers should not attempt to insulate their employees from the reality of the situation; this is inappropriate in times of true upheaval and change. If organizational members do not feel a sense of urgency to change the way they are doing business, the "bottom of the box" syndrome occurs, and the change interventions they are asked to implement do not seem important and become low or nonexistent priorities. They may even be seen as "just more work," and employees may become unnecessarily obstinate in the face of the required changes.

It is very important—in addition to being straightforward about the necessity for change—to communicate realistic, positive expectations about the changes and the important roles all members of the organization play in determining the success of the outcomes.

Vision

A new mind-set is needed to create a vision based on what is possible in the future, rather than looking only for ways to fix problems within the existing system, which is based on old assumptions. The new of way of thinking enables people to focus on new possibilities. Fisher and Selman (1993) call this new mind-set "committed inquiry." Such inquiry is not looking for answers; it encourages people to look creatively and innovatively for new potentials (and new questions), thus creating a new vision. The new, visionary mind-set frees people to discover and pursue a broad range of transformational possibilities that would otherwise be invisible (Veltrop, 1991).

Once there is consensus about the new vision, leaders and employees can look at what currently exists within the organization that is congruent with the new vision—what is in place that will support the vision and what is in place that will impede the vision. They can identify any gaps and, thereby, create an effective transition plan to help move the organization toward its new vision. This type of response is inclusive, rather than exclusive; it creates a new system that incorporates the best of the existing system into the new system, while removing things that no longer serve the organization well.

The process of developing a vision is heavily weighted by existing values and preconceptions. People think they know what the organization should look like and how it should function. The concept of "vision" conjures up ideas and hopes of what the organization can become. Unfortunately, dreaming about the future is often discouraged in organizations,

because it involves creative and intuitive thought processes that have no crisp borders and that take time. This conflicts with the rational, analytical methods commonly used in organizations. To counteract this, leaders must create special conditions and communication forums to unleash people's potential for creating vision and innovations and to guide people in generating productive visions, rather than escapist or pie-in-the-sky ideas.

There are three common pitfalls associated with vision and LSOC:

1. Managers do not link (or integrate) the business side of change with the people side of change.
2. People are actually designing and implementing interventions that are solutions to yesterday's problems, rather than supporting the vision of the present and future strategic direction of the company.
3. Changes are incongruent with the organization's vision and values. The lack of congruence (actual and perceived) between current changes and future vision results in frustrated employees and a loss of managers' credibility in the eyes of employees.

Commitment

Having a new mind-set and envisioning transformational possibilities is not enough to create and sustain needed change. Mobilizing energy and support for change is one of the most important steps in the critical path to change. It is imperative to the organization's success and it is a step that many organizations ignore.

Meaningful action will not be taken until members of the organization are seriously committed and willing to bring about the changes that will make major differences. Once committed, the workforce will perpetuate the key elements of success more effectively than any external control measures, such as policies, procedures, and supervision.

An organization must first diagnose its situation and identify the one or two things it can do well and successfully, e.g., product innovation, customer service, or low-cost production. Stakeholders at all levels should be involved in this diagnostic activity to discover what needs to be done to achieve the vision. When commitment to fulfilling the vision is present, inventing new and original interpretations and models that are useful for empowering people to generate a different future then follow easily and naturally.

Clearly, achieving commitment requires a new management viewpoint, one that includes a willingness to see formerly invisible possibilities and the

fearless involvement and empowerment (rather than controlling) of employees during the change process.

The most common pitfalls encountered during the commitment phase are:

1. Changes are imposed from the top but do not involve or develop the capabilities of the managers and employees who are affected by the changes.
2. The application of traditional, bureaucratic styles of management to LSOC efforts that stifle the creativity, innovation, and spirit of people.
3. There is reluctance by employees and managers to confront the difficult relationship and power issues that are associated with the dynamics of change and that underlie traditional, control-oriented management practices.

Action

When an organization is committed to fulfilling a vision, individuals put their energy and heart into their work, teams do the right things, and a strong sense of undivided and clear direction occurs (Goldman & Nethery, 1991). When people are committed to fulfilling a vision, innovative responses and unprecedented actions necessary to solve problems will occur.

Innovative and creative actions must be in alignment with the key stakeholders and the organization's future purpose, direction, and needs. Some of these actions are the development and implementation of an organizational strategy, the education about and design of structures and processes that support the vision, attention to the current culture and the required future culture, development of people's skills and competencies, and the allocation of resources that are critical to fulfilling the vision.

Some common pitfalls during the action phase of the LSOC Cycle are:

1. Lack of resources to implement the interventions;
2. Lack of integration between functions and departments;
3. An attempt to change everything at once (and expecting it to be done yesterday);
4. Lack of employees' and managers' skills or knowledge and commitment needed to effect change interventions.

Learning

Organizations must become learning organizations. This means that joint inquiry and experimental learning must occur, rather than simple transference of knowledge. Learning is the principal process by which innovation and creativity occur at all organizational levels. Senge (1990) and Strata (1989) state that learning is the only sustainable competitive advantage, especially in knowledge-based industries.

Effective LSOC requires a shift from the traditional "learn first, then decide, then act" model to a "commit first, then act, and then learn in the process of dealing with breakdowns" model. The greatest leverage point for learning occurs while actions are taking place, specifically when breakdowns occur.

Moreover, learning needs to take place in a reciprocal way. Successful transformations involve reciprocal learning across the organization, between the top and the bottom, and between the periphery and the core (Kilmann, 1989). If reciprocity does not develop, the LSOC initiative will stray from its critical path.

Implications for Leaders Who Guide Change: Four New Roles

A key implication for leaders who guide organizational change is that their roles must expand from simply those of planners, organizers, staffers, directors, and controllers to more sophisticated functions: visionaries, servers, warriors, and merchants. These roles are defined below.

A second key implication for leaders is the need to assess their levels of skill and effectiveness when taking on and enacting these new roles and the commitment to continually educate and develop themselves. As Bennis and Goldsmith (1994) say, "It is not what great leaders do that makes them extraordinary, but . . . who they are as human beings."

We know that certain elements exist in organizations, such as vision and values, leadership styles, power and politics, people, skills, structures, and systems. We also know that humans in general need a sense of meaning and purpose, affiliation and inclusion, and control and achievement.

Given these elements and needs, there are certain leadership principles that exist and certain roles that must be enacted. The leadership principles are as follows:

1. Organizations are whole systems;
2. Leaders must care for their people and support relationships among people and teams;

3. Leaders must have the courage to take action and the free will to make choices; and
4. Leaders must understand that survival is based on the reality of the internal and external environment.

These principles led to the development of the four roles that are imperative for leaders to enact in today's changing and complex world. These are:

- the visionary,
- the server,
- the warrior, and
- the merchant.

Figure 4 links organizational elements, human needs, leadership principles, and leadership roles.

Organizational Elements	Human Needs	Leadership Principles	Leadership Roles
Shared vision and values	Sense of meaning/ purpose	Vision: seeing the whole system	Visionary
Style/people	Affiliation/inclusion	Heart: caring for people	Server
Power/politics	Control	Action: having courage and free will	Warrior
Systems, structures, skills	Achievement	Reality: focusing on survival	Merchant

Figure 4. Implications for Leadership: New Roles

Many organizational leaders, trainers, and consultants were taught in college business classes that the primary roles of the leader were those of planner, organizer, recruiter, director, and controller. These roles focus on the "tangible" side of business, emphasizing action and survival in the marketplace. These roles served leaders well when they responded to an environment that called for the traditional, mechanistic way of thinking and leading.

However, the new ways of thinking and leading needed to bring forth deep and pervasive change demand that leaders also enact roles that focus on the "intangible" side of business, such as communicating a clear vision of the future and inspiring people to follow that vision. Leaders also must pay attention to other intangibles, such as people's hearts, hopes, and dilemmas. By combining the tangible and intangible dimensions of business, organizations can spark the energy necessary to fully use their potential, which, in turn, will provide the much-needed competitive advantage.

There are four key roles that leaders must consciously enact if they wish to effect successful changes in their organizations. The four roles incorporate both the tangible and intangible sides of business. The roles that incorporate the intangible are the *visionary* and the *server.* The roles that incorporate the tangible are the *warrior* and the *merchant.* These roles are supported by the work of Koestenbaum (1991), Arrien (1993), Bennis (1994), Schutz (1994), Block (1993), Beckhard and Pritchard (1992), Covey (1990), and McClelland (1965), just to name a few.

The Visionary

The visionary clearly sees the big picture, the entire landscape. Rather than viewing life from the ground like a mouse (nose to the grindstone), the visionary soars like an eagle who sees the whole landscape with sharp eyes and who sees how parts of the whole interrelate. The visionary sees not only the current situation but also a whole range of new possibilities. The visionary uses the gifts of intuition and creativity to create the future. The visionary speaks passionately of vision in a way that honors personal values and maintains personal authenticity and integrity. Walt Disney, an exemplary visionary, said, "If you can dream it, you can do it." The visionary consistently and inspiringly communicates the vision to help unleash the hidden creativity and spirit already present in the organization.

To cite an example: The vice president of human resources for a major U.S. producer and distributor of grocery-store products was to design and facilitate an offsite session to deal with the pain of change (downsizing, restructuring, and changed roles) and to help build cohesion and provide direction within the splintered human resources group. During the workshop, she catalyzed the group when she powerfully invited them into her vision: "We have the opportunity to do something here that has never been done before in this group. We have the opportunity to create our future, to proactively structure ourselves and work in a way that best serves the needs of our customers and, to that end, to positively impact the success of this organization. We can begin

now and do it together." By communicating her vision and inviting others into that vision, she built the momentum and energy to fuel change.

The Server

The server pays attention to what touches the heart and what has meaning in peoples' lives. The server reaches out to people and acts in caring service to others, including himself or herself. The server realizes that there is more to people than meets the eye; he or she studies and understands what is under the surface of self and others. The server seeks to understand the mysteries of the human heart and of relationships. The server knows the power of love and acts on that wisdom. The server actively seeks to see another person's point of view. The server acts as a coach and catalyst to others by drawing out, nurturing, and celebrating the gifts found in others and the growth they achieve. By these means, the server helps people tap into their internal, innate gifts. The server also understands teamwork and the fact that tasks are accomplished best through people working well together. The server helps others find meaning in their work, which inspires loyalty and commitment. Both add significance and worth to a person's work and existence.

The Warrior

The warrior is action oriented, but not in a vicious way. Rather, the warrior has the courage to take action on a vision and the courage to act in service to others. According to Koestenbaum (1991), "Courage is the foundation of leadership. All other leadership values are brittle unless reinforced with the steel of courage." The warrior is a like a tree that is firmly rooted in its vision and values, yet is able to bend and be flexible in how it takes action to enact the vision. The warrior takes charge of his or her own life before taking charge of the organization. The warrior taps inner resources and personal power in order to initiate, act, and risk. The warrior defines true power as self-mastery, not as a club to be wielded over others. The warrior acts with sustained initiative. The warrior's presence is felt by others in a way that causes them to hear and respond to the vision. As Arrien (1993) says, "The power of presence means bringing all four intelligences forward: mental, emotional, spiritual, and physical." The warrior not only understands the marketplace but responds, for example, by designing and introducing new products. The warrior has independence of thought, takes the initiative, and is a self-starter.

The warrior takes responsibility for his or her own actions, even if that means standing alone. The warrior tolerates ambiguity and manages anxiety

constructively, knowing that confusion and anxiety often precede breakthroughs in personal and organizational growth. Courage creates energy, which a warrior needs to be fueled to lead the charge. The warrior understands the notion of freedom of choice—freedom to act—and takes responsibility for his or her choices and actions.

Warriors are not dismayed by obstacles, because they know that leading successful organizations means that frustrations and obstacles continually crop up. Their satisfaction comes from the challenge of finding winning solutions. Challenge energizes them.

The Merchant

The merchant focuses attention on survival. The merchant is like an animal in the wild, fighting fiercely for survival in the marketplace, for both himself or herself and for members of the organizational "family." The merchant responds to the marketplace, to facts, and to the bottom line. The merchant is objective, pragmatic, rational, detailed, and result oriented. The merchant understands the internal and the external environments, the organization, its customers, its suppliers, its community, and its stockholders. The merchant is aware of the acceleration of change and makes decisions about how to expend time and money within the context of absolute reality and within the vision. The merchant uses his or her skills to plan, staff, direct, organize, and maintain control measures that are necessary to implement changes.

Four Roles as Part of the Whole

All four of the new leadership roles are already present in each of us. In analyzing our leadership skills, the question is "How much do we access these roles and how congruent are we when enacting these roles?" Are our actions consistent with our vision? Are we serving those who are important to our vision?

For example, the president of a mortgage banking company learned through a reengineering initiative that having a vision, taking action on that vision, and focusing on bottom-line results was not enough. Something was missing. He said, "Without the team interventions, I think we would have been at only 80 percent of our financial goal. More important is the positive change in the satisfaction rating of our major customer base and our increase in market share. I think what we realized is the power of the human spirit in the equation. The first half year, I was talking to people's heads by emphasizing the numerical targets, but my message just wasn't sinking in. I said to myself, 'I have to switch; I have to talk to their hearts'" (Hauser, 1996).

Leaders who guide change must take into consideration each of the roles, and the roles must be consistent and congruent with one another. If any one of the roles is missing, problems will result. For example, if a leader does not act as a server, he or she will not gain the personal commitment to fuel the change, and the change effort will become a "bottom of the box" priority for organizational members. If a leader does not assume the role of visionary and share a clear vision that is consistent with his or her own values (displaying integrity and authenticity), the change effort may start fast but will quickly fizzle out. If the leader does not assume the role of the merchant and allocate adequate resources to enable people to implement the desired changes, the people will experience anxiety and feel incompetent and frustrated in their attempts to effect the changes. Finally, if the leader does not take meaningful action on his or her vision, the organization will experience costly, haphazard efforts and false starts. These relationships are illustrated in Figure 5.

Leaders must assess their own strengths and weaknesses in terms of their effectiveness in enacting these roles. They must consciously and continually develop themselves. Bennis and Goldsmith (1994) say, "The process of becoming a leader is much the same as becoming an integrated human being."

Leadership is not a teachable set of skills that can be learned by sitting passively in a classroom where facts, numbers, and concepts are presented. Nor can leadership be achieved by memorizing a list of seven habits or twelve characteristics. At best, these methods can provide a roadmap for growth and development. True leadership comes from an inner process of personal development that can only be supported externally through encouragement, mentoring, and skill building. Leaders must nurture and train themselves and others in the mind and heart of leadership. The development of the heart and mind is a lifelong task. But commitment to developing oneself into a whole, healthy, complete person can begin immediately.

Just as the new ways of thinking and leading have implications for the leaders who guide LSOC efforts, there are also implications for the assessment of whether or not large-scale organizational changes should be implemented at all and, if so, for the selection of interventions that are most likely to bring about successful, organization-wide change.

Implications for Selecting Interventions for Large-Scale Organizational Change

The term "intervention" refers to a set of planned activities that are intended to help an organization increase its effectiveness, based on a thorough diagnosis

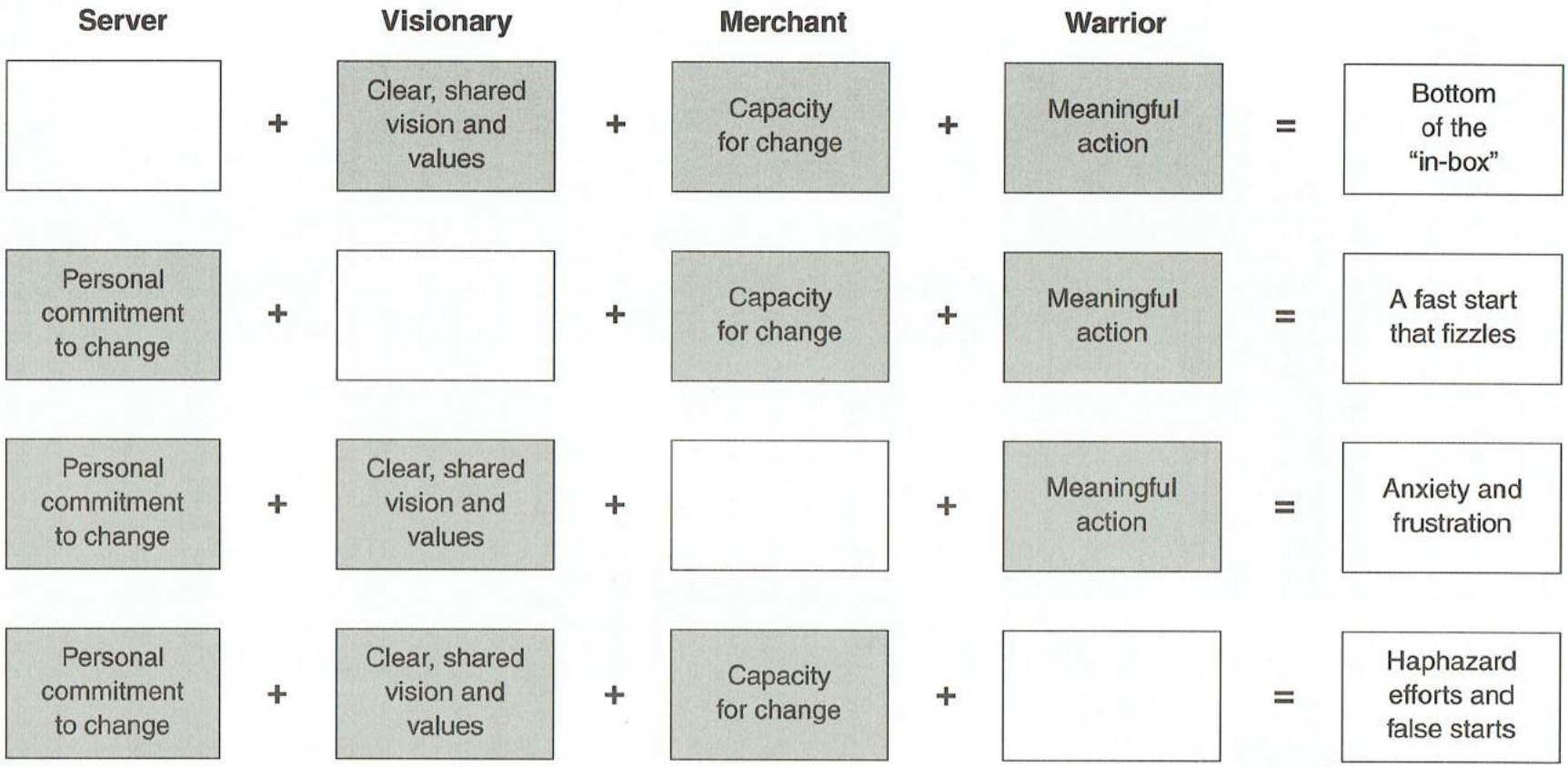

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Figure 5. When Any of the Four Roles Are Missing from the Change Process

of that organization. Large-scale organizational-change interventions are aimed at effecting deep and pervasive change in the character of the organization, significantly altering its performance, and changing members' basic beliefs and values. The scope of such change is large; the experience is often emotionally intense. The change eventually permeates the entire organization, reaching all subunits and individuals. Therefore the implementation of LSOC affects both the psychological and the strategic aspects of the organization. Complex, system-wide, ongoing change requires commitment; takes time; requires integration among individuals and groups; and must be aligned with the future purposes, needs, and direction of the organization and its key stakeholders. Large-scale organizational changes should be thought of as gradual and ongoing transformations.

Four criteria are basic to the planning and implementation of LSOC interventions:

- readiness,
- starting points,
- change-agent skills, and
- sequence of interventions.

Readiness

The criterion of readiness refers to the assessment of the organization's level of readiness to undertake the LSOC intervention. The conditions that signify readiness for change are noted in the LSOC Cycle:

- Key stakeholders must feel pressure from the environment and must feel dissatisfaction with the status quo.
- There must be a compelling vision that engenders a firm commitment to the change by the key stakeholders.
- There must be sufficient resources and support available to take meaningful action.

The cycle implies that readiness begins at the individual level. Therefore, interventions should be selected that can tap into the hearts of individuals, inspiring them to commit to the changes. Because a critical mass is needed of people who are committed to change and who have a passionate belief that things must be different, there is a need to develop pools of people who can

bring others along. Without this human recruitment of others, the change initiatives end up at the bottom of people's in-baskets.

Of course, the assessment and commitment process takes time, and time is one of managers' most precious and coveted commodities. But management impatience breeds failure. Beer, Eisenstat, and Spector (1990) warn against this impatience:

> Pressured managers are tempted to leap ahead; tempted to build a vision before energy for change has been mobilized, tempted to force renewal without a process that ensures support, fit and consistency, tempted to consolidate by making structure and system changes before the intricacies of the task are understood or people have the motivation and skills to make them work. We caution against such impatience because the sequence by which the critical path (of successful LSOC efforts) unfolds is as important to successful revitalization as the specific content of the interventions.

Starting Points

This criterion involves identifying aspects of the organization that are particularly amenable to change. Change is best started by targeting small, isolated, peripheral operations that are ready for change before targeting large, central-core operations. Organization-wide introduction of a change can start with a pilot project in a small, contained area of the organization in which the need for change is highly focused and the change can be readily implemented. This might mean reengineering one process in a business (e.g., the billing process of an insurance company or the funding process of a mortgage company). The power of targeting smaller operations to begin a change effort is in the fact that, as it proceeds, it actualizes and exemplifies commitment and action based on a new vision, which enables the organization to learn from the experience and begin the cycle again in other sectors of the organization.

By beginning in a place in the organization that is ready for change, one targets a manageable arena for the application of the LSOC Cycle. At its conclusion, learning takes place and is applied to the next step in the LSOC initiative, such as reengineering another business process in the organization. It is often not wise to implement all change initiatives at once; in fact, to do so could be devastating to the health of the organization and to the heart and soul of its organizational members.

Change-Agent Skills

The criterion of change-agent skills implies both the level of skills and the understanding of the process at hand. It assumes that the change agent (internal or external) has the skills and expertise to guide the implementation of any required interventions. Failures in interventions often arise when change agents attempt to use methods beyond their levels of competence and understanding. The key point is that change agents must have internalized the new ways of thinking and leading before they attempt to design or guide the implementation of LSOC. If they have successfully embraced the new ways of thinking and leading, they will travel down the right path, despite normal setbacks. They will learn from the process itself and infuse their learning into the next step of the LSOC Cycle. Again, the change process must begin with building the capabilities and commitment of leadership; otherwise all strategies will be rudderless.

The actual intervention(s) selected will vary, depending on the values held in the organization, the levels of awareness engendered by various organizational and environmental issues, and the political system in place (Mohrman et al., 1990). The nature of interventions is not as important as the understanding of leaders of the new ways of thinking and leading, which will guide them in choosing and implementing appropriate interventions.

Sequence of Interventions

There is a general sequence of implementing formal and informal interventions, using key leverage points (at the individual and group levels as well as the organizational level), that develops the optimum commitment, competence, and coordination necessary for LSOC efforts to succeed. The driving force for change is the commitment developed in the earliest stages, which energizes employees to take meaningful action toward the vision. So the place to start in the sequencing of interventions is with the necessary (intangible) precondition of evoking vision and commitment at all leverage points (individual, group, and organization). Only with that accomplished can one move into the more tangible areas of changing informal behaviors and changing formal structures and processes.

The power of the sequence, using the key leverage points, is in the fact that each group of interventions creates the necessary conditions—levels of motivation, skills, information, etc.—to allow the organization to move to the next step of the change process (Beer, Eisenstat, & Spector, 1990).

Figure 6 illustrates the framework for implementing interventions, emphasizing the tremendous importance of engaging the intangibles that underlie the new ways of thinking and leading.

Sequence and Leverage Points

Tangible Dimension	Organization	Individual/Group
Informal: interventions that seek to modify informal behaviors	1. Redefinition of roles, responsibilities, and relationships	2. Coaching, counseling, training, process consulting, team building
Formal: interventions that seek to modify formal structures and processes	4. Compensation system, information systems, organizational structure, measurement system	3. Replacement, recruitment, career pathing, succession planning, performance appraisal

Preconditions and Foundation

Intangible Dimension Interventions that seek to spark organizational energy toward change	Vision and values clarification Commitment to vision through communication that speaks to both the head and the heart; use of emotional language, stories, metaphors, and symbols Participative planning and decision making

Adapted from Beer, Eisenstat, and Spector (1990), *The Critical Path to Corporate Renewal,* Harvard Business School Press. Used with permission.

Figure 6. Planning and Implementing LSOC Interventions

Figure 6 shows how important it is—when using the interventions shown in each of the four quadrants—that the foundation of vision and commitment be kept alive and well at all leverage points, from individual to organizational, during each sequential step. This is needed to sustain the energy for the change process. When this occurs, the general sequence of implementing interventions develops the levels of commitment, energy, support, resources, and capability needed to create and sustain large-scale organizational change. As action and learning take place, and as people are rewarded for their behaviors and results, the LSOC Cycle repeats itself, having an upward spiraling effect.

Conclusion

This article is not intended to provide prescriptive, formulaic definitions of large-scale organizational change methods and practices. The major point of this article is that a shift in thinking is occurring in our society and is mirrored in our organizations. We may call it a transformation in thinking. This shift requires a new way of leading. There are important implications for the roles of leaders and change agents in organizations and for how they design and guide the implementation of LSOC interventions.

Organizational change starts with personal change. The leader has the opportunity and the responsibility to personally develop so that he or she can help the organization to develop. Change begins with inspiring individual energy that can then inspire organizational energy toward new possibilities for the future.

Successful leadership begins at the personal and individual level and spreads to the organization. The key, therefore, is to understand not only how to reengineer and retool during times of change, but how to create and sustain an inspired, caring, courageous, and profitable organization. The LSOC Cycle provides a framework from which to embrace the new ways of thinking and leading.

A natural cycle of events occurs during successful organizational change. Certain pressures and preconditions exist that create a dissatisfaction with the status quo and a sense of urgency to change. A vision of a new future is formulated. When both the tangible and intangible dimensions of change are integrated, a sense of commitment is engendered in leadership and key stakeholders. This commitment carries the momentum that causes people to take meaningful actions toward their new vision of the future. They then experience the effects of their actions, learn from them, and infuse that learning into the ongoing cycle of change. The process continues to cycle in a spiraling effect. The result is deep and pervasive change that creates an organizational awareness that serves as a mirror to keep the businesses creative, to solve problems as they appear, and to enable the co-creation and realization of a desired future.

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