



Opportunities and Limitations of a New Technology for Organization Design

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Abstract

Traditional organization design/redesign methodologies rely on an “expert” or relatively small cross-functional group to conduct selected analyses and develop design recommendations. The expert may be a consultant with organizational design experience, a senior human resources executive, and a staff person. This white paper describes an alternative approach, one using a larger number of people to develop the organization structures and systems. The nomenclature “large-scale” or “high involvement” will be used when describing this approach. This white paper features:

- the basic approach for using a large scale methodology
- how and where the large scale approach has been used
- the advantages and limitations of utilizing this approach

The Basic Approach

Large scale redesign consists of convening large groups of people together for multi-day work sessions to identify the business conditions facing the company, assess the effectiveness of current structures and systems, and develop recommendations for redesigning (or creating new) structures and systems. The groups range from 20 up to 150. In some instances groups as large as 1000 or more have been utilized. Ford Motor Company convened all 2500 workers (from plant manager to assembly line worker) to design a new organization system for producing the new, redesigned Mustang. The work sessions are typically two- to three-day events that follow a structured agenda, leading participants through a series of interactive exercises to analyze the organization’s effectiveness and develop design recommendations.

Labels for variations of this methodology include search conference, future search conference, participative design, large scale, the Conference Method™, and Fast Cycle™. The Conference Model™ originally developed by the Axelrod Group provides a useful template for understanding this approach. Using this template four separate conferences are conducted. In the first conference, the Visioning Conference, participants explore the company’s history, the current business conditions (competitors, technology, strategy, etc.), and critical values for



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success. A vision of where the company is headed and the values to guide it in that direction is often an outcome of this conference. In the second conference, the Customer Conference, participants explore customer requirements. They identify critical customers and what their requirements are. Actual customers may attend the conference to provide some of this information. In the third conference, the Technical Conference, participants document the current business processes and determine major problems with the current work system. They explore how the organization responds to these problems.

Up until this point, no actual redesign work has been done. Participants in the conferences have generated data on which to base the new design. In the fourth conference, the Redesign Conference, participants synthesize this data and develop design recommendations. Design recommendations include both structural recommendations (how and where you draw “the boxes” on the organization chart) as well as recommending how to change organizational systems (rewards, training, career movement, etc.) to align with the new design.

Additional conferences may be conducted. For example, Implementation Conferences may be designed to take the preliminary design and develop the fine detail of the new design. This level of detail may include detailed job descriptions, operating procedures, metrics, etceteras.

To plan and execute this process, a planning team is formed. The planning team is a cross-functional group of employees whose function is to:

- design the agendas for the work sessions/ conferences
- determine the numbers and types of people to invite
- manage all the logistics (locations, dates, times, etc.)
- manage data collection and distribution of information/results from the work sessions

A consultant experienced in large scale methodology works with the planning team. He/she facilitates the planning team to accomplish these tasks, providing expert advice and sample materials as needed.

Using the Conference Model™ template, the conferences are held 4 - 6 weeks apart. Approximately sixty people attend the conferences with some overlap from conference to conference to maintain continuity. Between the conferences, the planning team communicates the outcomes of the conferences to the rest of the organization. During these communications sessions, they also solicit feedback from people who were not at the conference. This information is additional data to consider at the Redesign Conference when formulating the new design.

There is substantial variability among the different approaches. Search and future search conferences tend to focus more on identifying trends in the external environment, creating a future vision and identifying those values for achieving that vision. Participative design tends to focus more on creating the actual work systems for a team, department, or business unit.



However, with some prudence, the different methodologies and their respective areas of emphasis can be blended somewhat eclectically to develop a custom designed process that best suits the client organization's needs and resources.

Where has this approach been used?

United Airlinesⁱ utilized this approach when establishing a new maintenance facility in Indianapolis, IN. Employees and managers convened during a series of work sessions to identify the values they wanted to create in the new facility and the work systems they wanted to create. As new employees were hired, they were integrated into the work design process. The facility started up on-time and on-budget.

Bank of Americaⁱⁱ utilized this methodology when installing a new computer system. A series of conferences were held to design a new business process enabled by the new computer system and a new organization structure to take fullest advantage of the technology. Three conferences were conducted with approximately 100 people attending each conference.

At a software development companyⁱⁱⁱ, this methodology was utilized to clarify critical organizational values that had propelled the company from a small, entrepreneurial startup to a \$80M business unit of an multi-billion dollar international company. The large scale process brought all 250 people together during a two day event to identify those values that have been responsible for their past success and what values were needed to sustain their success in a new business context. Strategies for future growth and sustaining a high performance culture were developed by all employees, not just a select group of senior executives.

Advantages

There are some significant advantages to be derived from utilizing a large scale, high involvement approach. First, since large numbers of people who will be impacted by the organizational changes are directly involved in the design of those changes, resistance to change is substantially reduced. "People support that which they help create." That adage is exemplified by the large scale approach. People are involved in the design of the new organizational systems. They see the need for organizational changes and work toward implementing them rather than resisting them.

Secondly, communicating the changes is easier. Since a larger group of people have been involved in the redesign process, there is a larger group of people to communicate the changes and rationale for the changes. Conference participants are directly involved in communicating the results of the conferences to their peers. They serve as ambassadors for the change effort. As peers, their messages are more credible and more readily accepted.

Third, the change process actually starts earlier and is accomplished quicker. During the work sessions, it is typical to include an exercise in which participants identify some immediate



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actions they can take to support the redesign effort and move it forward. These actions may be some quick hits that are obvious actions that produce some immediate benefits with little expense. As employees see quick action, the credibility of the change process is enhanced. Larger numbers of people are mobilized to support the redesign process.

Also, since most redesign processes are somewhat sequential (analysis, development of design recommendations, approval of recommendations, implementation planning, etc.), there can be a large lag between the time that the redesign process starts and the time when actual changes are implemented. The large scale methodology provides for concurrent action. Analysis, design, mobilization, etc. occur in parallel reducing the total cycle time for the redesign process.

Limitations

As with any methodology, large scale methodologies do have some limitations. First, they are resource intense. Large numbers of people are pulled away from other productive work to participate in the work sessions. Coverage for those people is required or shut down of normal operations must be scheduled.

Secondly, some minimal acceptance of employee involvement must be present in the organization. Involvement varies widely in different organizations. At a minimum, sponsoring executives must be willing to accept the input from the conferences as the basis for design decisions. Otherwise, cynicism and resistance to change will surface.

The boundaries and parameters of change must be made more explicit to conference participants than in other traditional redesign methodologies. To the degree that executives (or some staff group) reserve approval authority, the expectations of conference participants and the general employee population must be carefully managed. If specific tasks or processes are out of bounds, those need to be identified and clearly communicated. The conference participant should not be spending valuable conference time addressing issues that are out of bounds.

The level of detail may not be as fine as with traditional methodologies. The resulting designs tend to be higher level macro designs. They provide a blueprint for the redesign, but may not provide specific details. Executives, staff groups and the general employee population need to have a greater tolerance of ambiguity until the specific details are determined. Implementation conferences can be used to refine the designs and determine the operational details.



Summary

Large scale methodologies provide an option to traditional redesign methods. They involve large numbers of people directly in making critical decisions about the design of organizational structures and supporting systems. They can accelerate the design and implementation process while simultaneously mobilizing the general employee population, thereby reducing resistance to change. However, large scale methodologies are resource intense, requiring the participation of larger numbers of people in concentrated time spans. Executives and staff groups must be willing to involve rank and file employees in decisions that traditionally have been higher level executive decisions. Boundaries and expectations must be more carefully managed. And while at first blush these limitations appear daunting, the hidden costs of traditional methods must be considered. Time and energy that is spent dealing with resistance to change and communicating/ persuading people that the new process is better for all involved is not a trivial cost. Moreover, it is rarely accounted for. Similarly, the cost of incomplete implementation is rarely accounted for. Experienced redesign practitioners are discovering as much of 70% of reengineering efforts fail to meet expectations, primarily due to human systems issues. Large scale methodologies provide opportunities to improve the hit rate of organization redesign, but like other tools must be used in the appropriate circumstances with the appropriate skill.

- i Utilized the large scale methodology as practiced by Dannemiller, Tyson & Associates, Ann Arbor, MI
- ii Utilized the large scale methodology as practiced by Dannemiller, Tyson & Associates, Ann Arbor, MI
- iii Utilized a blend of several large scale methodologies developed by Solutions, Fort Collins, CO

Solutions Overview

Solutions is a management consulting firm specializing in meeting the needs of companies to improve operational performance. Drawing on a broad base of experience, Solutions consultants work with a client's management team to achieve major improvements in competitiveness, profitability, customer satisfaction, and growth. Applying analytic tools, state-of-the-art technologies, high involvement methods and best practices, Solutions helps clients develop strategies to surpass their business goals and transform their business enterprise.

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