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**Creating Excellence Out of Crisis:
Organizational Transformation at the
Chicago Tribune**

**CEO Publication
G 89-16 (159)**

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Rockwell International**

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**Creating Excellence out of Crisis:
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This article describes an extensive organizational transformation effort-- conceptually similar to an organization development program -- with the Chicago Tribune, prompted by a walk-out strike in July 1985 involving about 1000 production workers. Results of the transformation at the Tribune include a 25% increase in pages-per-hour productivity and potential savings in annualized advertising revenue of tens of millions of dollars.

**Creating Excellence out of Crisis:
Organizational Transformation at the Chicago Tribune¹**

Recent popular research-based books, such as In Search of Excellence, A Passion for Excellence, Re-inventing the Corporation, The 100 Best Companies to Work for in America, Creating Excellence, Change Masters, Thriving on Chaos, The Winning Performance, Megatrends, Leaders, and others have documented an increasing number of organizations that have undergone a transformation in both culture and performance. Many of the values, beliefs, and norms that seemed essential in establishing and building the reputations of successful companies are now being challenged, such that a systematic transformation of those variables is believed necessary in order to keep these companies viable in the future (cf. Hickman & Silva, 1985; Bennis & Nanus, 1985; Peters & Austin, 1985).

The organization development (OD) literature has, of course, for years talked of change processes that create healthier lives and more humanistic, healthy settings wherein work is performed (e.g, Beckhard & Harris, 1977; Lippitt, 1982). However, through the nineteen eighties, we are now beginning to see evidence that the hopes and dreams expressed by many of the "founding fathers" of OD (e.g., Argyris, 1970; Bennis, 1969; Schein, 1969) are turning into realities. Increasing reports abound that, despite the slow, evolutionary nature of system-wide transformation (which involves changes in behavior, changes in systems, and changes in structures), movement toward excellence in the workplace is not only possible but also measurable (Nora & Stramy, 1986).

The present article describes one such organizational transformation effort that is still in process at the Chicago Tribune, one of America's

largest and most prominent newspapers. The triggering event crisis that prompted the transformation at the Tribune was a 1985 strike involving all five of the Tribune's production union locals at its newspaper printing facility in downtown Chicago. This article describes the multi-phase transformation effort that took the Tribune from crisis to excellence and discusses some of the results of this organizational transformation effort.²

A variety of conceptual frameworks could be readily applied to frame and understand this research. For example, several organizational (O), change agent (C), and intervention (I) characteristics clearly influenced the results (R) obtained at the Tribune, consistent with the OCIR model (Pate, 1979) that proposes that $R = f(O, C, I)$. However, perhaps one of the more useful starting points for conceptually framing the effort at the Tribune is found in the political model recently forwarded by Greiner and Schein (1988), both because (a) the transformation effort at the Tribune was intended to move the system from a traditional bureaucratic model toward a collegial-consensus model and (b) the effort inherently considered and transformed the previous power-dynamics at the Tribune. Secondly, we also need to consider the essential (and perhaps even subtle) difference in intent and focus between the terms develop and transform. Organization development efforts would be expected to focus more on improvements that build on past learning and behavior (i.e., to develop the organization), and organization transformation efforts would be expected to focus more on the desired future state that the change effort is intended to create (i.e., to transform the organization). Consequently, 10 transformational factors (roughly corresponding to the 10 modules of the 20-week training program) were used as a framework to guide the present research.

Stop the Presses: The Walk-Out at The Chicago Tribune

The Production Printing plant wherein the organizational transformation occurred -- named the Freedom Center by an employee contest -- was the largest offset newspaper printing plant in the United States, producing (a) a daily edition, (b) USA Today, (c) a Sunday package, (d) a daily package, and (e) a National edition. The plant had been built in 1981 to house state-of-the-art satellite transmissions, computerized type layout, off-set printing, plate-making, inserting and packaging equipment. The Freedom Center employed roughly 1460 employees, about 1250-1300 in production and the balance in circulation; the Center's newsprint warehouse stored up to 26,000 rolls of newsprint brought in by rail; the computerized pre-press operations did not rely on paste-ups and manual operations; advertising graphics and data were gathered by an operator on a computer screen; and ads represented about 60% of the volume of the paper.

Key Tribune production managers, long believing that the issues triggering the strike (primarily control over hiring selection and transfers) and related labor contract matters were critical in allowing them to combine leading edge technology with leading edge and socially responsible management, acted swiftly in response to the walk-out. All of the vacant positions needed to be filled and none of the strikers were rehired. In a matter of days, a small core of qualified machine operators and press operators from both within other Tribune companies operations across the country and from other major newspapers were immediately transferred in on temporary assignment or hired via ads that had been strategically placed. For several weeks following the walk-out, management pitched in to run the presses, packaging and ancillary equipment to keep the Tribune on schedule; meantime, nearly 1,000 new employees, a majority of

them with little or no previous newspaper experience, had to be screened and hired.

However, rather than view the walk-out as a crisis-of-survival, Freedom Center management, led by a relatively new vice president with a vision that Tribune's production plant would one day become a show-case of both technological and managerial leadership, saw the walk-out as a window of opportunity. In effect, the walk-out represented an opportunity to develop an improved system of operational and performance management which might one day transcend the restrictive traditions characterizing much of the newspaper industry.

These industry-wide "restrictive traditions" are nicely documented by Argyris (1974) from the early stages of his own extensive organizational renewal effort with a company he called The Daily Planet (which is curiously quite similar to the New York Times). Argyris characterized the living system of the Planet as:

" . . . competitive and low in trust, and as operating within win-lose dynamics. Evaluation and control are more important than inquiry and innovation; risky issues and innovations tend not to be discussed; additiveness and coherence in problem-solving activities are low; group discussions are ineffective and group meetings are considered a waste of time; and there is deep pessimism about changing human nature or increasing the effectiveness of the system" (Argyris, 1974, p. 32).

Argyris' above comments also fit the Tribune. Much of the management group prior to the strike was promoted on tenure and politics, rather than managerial skill. The unions exercised significant control of operations. The company avoided some very serious issues, and at the executive level it

was decided that an improvement in management effectiveness was necessary to change the performance of the Company. Having invested \$200 million at the Freedom Center, top management decided that one key change needed was to make the Center become what it was intended -- a modern, efficient plant. Changes were made in management style, in measurement methods, and in the level of control workers exercised in the measurement system. The powerful unions that had been such an integral part of the political environment at the Tribune prior to the transformation still remained afterwards, but with much less influence than before.

The Freedom Center's management team, triggered by both the walk-out and its aftermath of nearly 1000 new employees now learning to operate the state-of-the-art production equipment, was concerned with minimizing the pressures and stress accompanying new learning. Consequently, within nine months of the strike, they administered an employee survey and remained very concerned when the results suggested poor morale throughout the mainline production departments. Further analysis diagnosed poor supervision as a primary cause of the low morale, which in retrospect was understandable.

As the Production Vice President observed:

". . . once we found ourselves in the situation of having hired a thousand new people, we also found ourselves without a lot of people familiar with the way a newspaper operates. One area in particular is the Press area, where our Pressroom is a fairly complicated area to work in. There are ten production machines each of which today would cost \$10 to 15 million. And you have 7 or 8 people working each one of those presses. It's fairly complicated work. Presses are fairly unforgiving. You either do the job or the press doesn't run. So we found ourselves there with a need for 19 supervisors at the 1st level .

. . supervising groups of 7 people. This in addition to those supervisory jobs filled from outside with experienced people . . ."

Further, the composition of the workforce had dramatically shifted. The Production Manager at the time of the walk-out later noted that supervisors "went from supervising a group of experienced employees with an average age of 50-55 years to one of 20-25 years old. So . . . in some areas we had managers who stayed only accustomed to a highly structured unionized organization, managing new employees talking about Quality Circles, progressive communication programs, and career path opportunities."

In short, because the former supervisors in the pressroom were on strike with their employees and virtually all of the other supervisors had learned to supervise in the traditional model, the entire workforce was ill-prepared to carry out a new vision of leadership having anything to do with "excellence."

Generating Results-Focused Solutions to the Walk-Out

At this point, Tribune management recognized an immediate need to initiate training for both staff and line personnel, both to standardize the great variety of habits that were being employed by the hundreds of new hires and to clarify the standards and requirements that would be expected within the new Freedom Center organization. Top management solicited proposals from qualified organization development and change consultants, asking for the design and implementation of a modularized management training program for all levels of management, top-down. The Request For Proposals (RFP) asked for training designed around 12 basic subject areas, corresponding to key deficiency areas that had been identified from the analysis of the survey. Additionally, since production supervisors in the

pressroom units also were union members and had walked out with the strikers, Tribune management simultaneously had a critical need to fill 19 new first-level supervisor positions.

A nationally recognized consulting group was hired to conduct both the management training and the assessment of over 130 self-nominated candidates to fill the 19 vacant supervisory positions. Since most of these applicants were new, they were unknown to the rest of the pressroom staff; therefore, the consulting group followed an Assessment Center approach (which typically relies on the pooled judgements of others) to screen job candidates. Virtually all of the 130 potential supervisors who went through the Assessment Center process were understandably concerned about the fairness of it, since they had no reason yet to trust any system of selection or evaluation other than the more traditional one used throughout the industry (cf. Argyris, 1974).³

The Assessment Center method, based on a job analysis that identified skills and abilities required and/or expected to effectively perform the job of Supervisor, included the following basic elements: (1) multi-situational measures derived from a series of exercises and simulations, each designed to give the candidate an opportunity to demonstrate his or her ability; (2) multi-assessors (i.e. other knowledgeable pressroom employees), all of whom were familiar with job requirements but were not familiar with the candidates themselves; and (3) pooled judgments of assessors who compared individual candidates against set performance criteria.

Once the training program and Assessment Center were custom-designed and in progress, the top management team went off-site with a principal from the consulting firm and engaged in an activity that came to be known as Future State Visioning. For years, the company had top executives go off-

site to work on Operating Plans that had mostly centered around specific projects; this time, however, the focus of the off-site experience was on developing a whole new management style for the Operating Department. As the Vice President of Operations would later comment, rather than talk about "what we were going to do in 1986" top management talked about "where we wanted to be in 1987, 1988, and 1989." All of this activity took place within a four-month period in the spring and summer of 1986. One of the authors was involved in the transformation effort on a daily basis; another of the authors was involved a few times in the effort; and another of the authors was not involved in any way in the design or conduct of the transformation effort, but was brought in afterwards to examine and interpret the data.

The custom-designed management training program condensed the 12 subjects (as mentioned in the RFP) into 10 eight-hour modules, covered one at a time over 20 weeks. Most of the supervisors attended on their days off or on double shifts. These 10 modules were: (1) Overview of Management. (2) Interpersonal Skills. (3) Leadership. (4) Teambuilding & Team-Oriented Leadership. (5) Situational Leadership. (6) Problem-Solving. (7) Time Management & Delegation. (8) The Performance Management System. (9) Coaching. (10) Summary and Integration.

As initial groups underwent training and provided critical feedback and reactions, downstream modules were modified and refined in response to the primary needs of the participants. In contrast with the traditional management development approach that starts with top management and then follows a top-down cascade training sequence (cf. Pate & Nielsen, 1987), the consultants requested that the top management team undergo training in the basic program principles only after their immediate subordinates had

undergone at least seven of the 10 modules. The objective in delaying the top group's training was to enable the consultants to provide valuable feedback to them about the organization from data generated by their subordinates in the classroom as part of the program content, thus providing a real world organizational context for many of the program's principles and techniques.

Armed with the underlying values associated with the training program content, the management team spent an additional four long days off-site (far off-site, in fact, at an isolated Tribune-owned property in the farthest most northeast area of Ontario, Canada). Their task was to refine a new vision for the Freedom Center. The core documents initially drafted by the top team included statements of "Mission" & "Operating Beliefs", which laid out their management philosophy and foundation values, and the cornerstone for a new "Performance Management System: Key Result Areas" and related performance measures for the overall production plant. In discussing basic transformation issues (such as, "Who Are We?" and "What Do We Want to Become?"), the top team developed a mission statement that incorporated a commitment: (a) to provide "printing . . . for Chicago Tribune Co. and others"; (b) to enter into "a partnership with vendors"; and (c) to become "customer driven" in philosophy and orientation. All of these goals represented a marked departure from the Tribune's traditional philosophy, direction, and historical definitions for its production plant (i.e., they were not previously "customer driven," etc.). Further, all of these goals were also in keeping with the focus associated with "excellent" companies (cf., Peters & Austin, 1985; Peters & Waterman, 1982).

Initial drafts of these core organizational transformation documents were further refined by the immediate subordinates of the top team; these

subordinates also went off-site for several long hard days, to critique and refine the core statements of Mission and Philosophy and to develop Key Result Areas (KRAs) for the 12 major operating production and staff support units comprising the Freedom Center. These 12 units were: (1) pre-press and technical support, (2) newsprint operations, (3) pressroom, (4) packaging, (5) plate-making, (6) quality/reliability, (7) finance, (8) engineering/maintenance, (9) purchasing/materials management, (10) training, (11) employee communications, and (12) administration groups.

Thus, armed with the transformation work accomplished off-site (including identification of specific KRAs and related specific performance measures for each KRA), the consultants commenced laying the conceptual foundation for a comprehensive process, which came to be known as "The KRA Performance Management System." The consultants introduced this performance system during the late modules of the training program. This system, developed by Edwin Yager (based upon principles outlined in Coonradt's (1985) The Game of Work), employs clever sports metaphors with which most anyone who enjoys any form of sports or recreation can readily identify. The system is based upon basic principles which respond to practical applied ways to the question, "Why, in sports and recreation, will people pay for the privilege of working harder than they will work when they are paid?" The answers to this question -- clear goals, unchanging rules, effective scorekeeping, freedom and choice in method, and immediate feedback based on self-administered measurement systems -- provide keys to a comprehensive performance management system applicable to any workplace situation.

Although the terms "Key Result Area" and "measurement" have been used in the design and conduct of OD programs, The Game of Work approach is actually a departure from the OD application of the terminology. The

methods used are conceptually similar to the concepts of Deming (1982) and Drucker (1986), with explicit focus on results -- rather than on tasks, duties, activities, projects, programs, or methods, as would more likely characterize process interventions of an OD program (cf. Schein, 1969). Further, this explicit emphasis on outcomes/results, rather than on management processes, represents a major factor distinguishing an organizational transformation effort from a traditional OD effort, as discussed earlier. This focus was thus outlined in the management development segment of the Tribune's development effort during classroom training, reinforced in the form of written beliefs stating a commitment to measured performance as the basis for rewards, and applied in the OD segment via natural workgroup interventions at all levels designed around the KRA Performance Management System. Each natural workgroup thereby developed additional KRAs associated with mission statements and identified specific performance indicators (e.g., cost per ton) around what were called Results-to-Resources Ratios as measures of each KRA. Teambuilding sessions thus focused upon obstacles and issues associated with sustaining minimum baseline performance standards while charting measured progress down each team's "Field of Play," and displaying results consistent with effective charting principles.

Teambuilding activities, instead of being group process oriented as would occur with an OD program, were thus highly results-and-measurement focused, consistent with an "If you can't measure it, you can't manage it" philosophy. Further, consistent with a plant-wide KRA of Customer Satisfaction, when issues and obstacles associated with inter-departmental interfaces were identified, Inter-group Teambuilding sessions were again designed around this measured performance orientation.

As soon as charts reflecting results at both department and workgroup levels were begun, strong encouragement was made to visibly post them. The consultants believed that the very act of posting these "scorecards" could help focus employee efforts to resolve production, quality and cost-related problems impeding charted results, and encourage improvement. Such expectation proved to be the case. Employees took an immediate interest in the charts, which typically reflected three data lines: actual performance posted daily or at least weekly, the baseline minimum performance standard, and a rolling average trend line to discourage overreaction to peaks and valleys normal to most production performance measurement (cf. Figures).

Finally, three overall plant KRAs were also identified at the off-site meetings as: (1) Implementation of the Operating Beliefs (which were mailed to each employee under cover of a document labeled "PACE," an acronym for Participation-Attitude-Communication-Environment); (2) Human Resource Development; and (3) Effective Capital and Expense Resource Utilization. After some analyses, the identified measure of the latter became Cost-Per-Ton, measuring thru-put throughout the entire production process. (As nearly as we can tell, no other newspaper publisher has used this particular measure as the key to bottom line productivity and cost improvement.)

The implications of developing an entirely new measuring system are far reaching. The tremendous support of the key financial managers in going back four years to develop a history was a significant contribution. More importantly, the focus of the management team had shifted from "budget-thinking" to capitalizing on and maximizing "resources-thinking," which has had a dramatic effect. Every dollar spent in cost-per-ton required between five and six dollars of expenditure in advertising; a million dollars in cost savings thus represented between five and six million savings in

advertising revenue.

Results

As shown in Figure 1 -- using numbers adjusted downward to protect company confidential financial data -- an annual metric tons of newsprint goal was established for 1987 for the Tribune Freedom Center. This measure was considered the key economic factor in what was labelled an "aggressive" budget for the year, represented by the "Plan" line on the chart, and the gap between the Plan and Goal lines. Consistent with the Game of Work labels associated with Coonradt's (1985) management process, savings above the budgeted goal are shown on this and all other charts throughout the plants as "Paydirt."

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Insert Figures 1-4 about here
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Figure 1 reflects savings based on annual average of 200,000 metric tons of newsprint consumed at \$40 per ton ahead of Plan through the first four months, representing \$8 million in potential annualized savings. Applying the Tribune's gross profit margin factor, this represents annualized advertising revenue savings of tens of millions of dollars. At the end of three quarters, this performance had held at the four month record level shown.

Other results during the first four months of 1987 or during the period beginning with the organizational transformation effort are reported in Figures 2-4. Data are based upon production records kept in previous years.

Figure 2 shows budget plan versus actual productivity in the press room in terms of thousands of 8-page papers printed. This unit's performance, when extended through the first three quarters of 1987, showed a remarkable

43% improvement over the last quarter of 1986.

Figure 3 reflects Pressroom Reliability performance improvement, which represents half-hour production targets met for circulation department delivery schedules. The goal for each paper is shown at 90% of scheduled target times. This 90% record is a remarkable achievement and the trend continued well beyond the charted 87 weeks.

Figure 4 reflects pages-per-hour productivity improvement in that part of the Composing unit still operating under union contract work rules, during the first five months of 1987. This unit had an almost 25% increase in productivity during this period, a heretofore unknown achievement in the over 100-year history of this unit.

Discussion of Incentives

As most every experienced trainer, change agent or manager is aware, rewards and consequences are critical elements in any performance management system (cf. Lawler, 1981). Simply installing a performance system is, in itself, no guarantee that individuals will follow it. Hope and Pate (1988), for example, suggest that individual compliance and self-motivation are influenced by the extent to which the individual believes the system to be consistent with the individual's own sense of integrity. Further, research on the psychology of compensation and its impact upon behavior, performance and results (e.g., Lawler, 1971, 1981, 1983) has for years demonstrated that effective performance management needs to recognize the importance of the concept of individual differences.

From early in their change effort, Tribune management recognized the importance of the above factors. Their plans evolved into a two-pronged strategy: First, to implement a transitional phase during which the company's ongoing merit pay and performance appraisal process for salaried

employees would be shifted away from appraising personal qualities and behavior and towards rewarding contribution to measured results in context with a workgroup's Key Results Areas. This transition began at the top with bonus-eligible managers. Prior to calendar year 1987, each manager was informed that his/her bonus would be tied to KRA performance, thus attempting to avoid the problem of hoping for one behavior while rewarding another (cf. Kerr, 1975). Second, to invite supervisors, middle managers and employees alike to get involved in the development of self-funding incentive programs to reward hourly employees and their supervisors for performance.

The first group to respond to this invitation was the pressroom. In context with the cost-per-ton overall plant measure for effective resource utilization, the pressroom management team developed an incentive program whose published purpose became: "To elevate the pressroom's level of newsprint yield (reduction of waste) and printing quality to the top of the industry as quickly as possible and to compensate you, the pressroom employees, accordingly." Their incentive plan recognized that both waste and quality control were dependent upon one another. Therefore, specific goals were set for the initial three years of the plan for controllable waste, with employees sharing in the dollar savings generated by lowering waste costs. Concurrently, a quality component was factored in which determined how much of the waste award would be distributed.

Consistent with a key Operating Belief emphasis on internal customer satisfaction, the next department in the production process, Packaging, was involved in pulling random newspaper copies at the start of each production run for grading by pressroom management using a published quality score sheet. A second paper selected by a workcrew on a given press was then

quality scored with results averaged with the first to enable the press crew to work to improve their combined score. Individual press scores were charted and averaged to determine a room-wide weekly press quality score leading to a cumulative quarter-to-date average visibly posted in the room which, ultimately, determines the amount of waste savings in which the employees and their supervisors participated.

Results of this process as of this writing have been encouraging and very rewarding for all concerned. Although ratios of productivity gains to wage gains are not available, initial award checks for hourly employees represented a 10% bonus for the two-month launch period. During the period just prior to the launch of the plan, as "scorecards" for productivity and quality were posted for the first press crew, other crews immediately wanted their own. This before any announcement of related monetary rewards in the offering. The related principle, as taught during the management development segment of the effort (and similar to Emery Air Freight's well publicized experience at obtaining significant improvements in performance), is that performance measurement systems serve as an indication to workers of what management takes to be important, such that performance can be expected to increase as a result of altering the feedback and rewards associated with performance.

As of this writing, the pressroom continues to perform well within the productivity and quality parameters qualifying for the "Paydirt," reflected in Figure 1. Should performance levels hold -- and there's every reason at this point to believe they will hold -- employees stand to realize related awards by year-end amount to a 15% bonus over base pay. Related contribution to budget plan cost-per-ton and hence company bottom line is extremely significant. Employees in other Freedom Center production

departments are finalizing their own self-funding incentive plans, as might be expected.

It should also be noted that the week following the first bonus check, quality scores reached 98.5% and newsprint utilization averaged 90.2% (during some press runs this reached a 99.44% level), significantly better than the industry-wide theoretical maximum of 97% (i.e., it is assumed 3% waste is normal for a press start-up).

Discussion

The future of North American organizations continues to be characterized by global competition and a related search for world class levels of excellence (cf. Peters & Waterman, 1982). Compelling research evidence (e.g., Bennis & Nanus, 1985; Peters & Austin, 1985; Peters & Waterman, 1982) suggests that corporations can increase the odds of competitive success when they develop internal corporate cultures that place emphasis on human values and human processes and that recognize the dignity of individual employees -- processes which promote leadership that provides meaning and inspiration to those who are expected to follow, which emphasize a measured result-focus of energies and resources upon both product and customers, and which recognize that motivation for bottom-line results can emerge from development at individual, group and organizational levels. Several important factors were identified from the recent surge of literature on "excellence," to include: purpose, vision, alignment, leadership, measured results, system structure, personal power, teamwork, customer needs, and the integration of intuition and reason.

Leaders of today's corporations, as yesterday's, seem increasingly consumed by a concern (cf. Davis 1988) for developing more efficient optimization procedures through the latest available management techniques

(e.g., decision support systems). But such knowledge and techniques are not likely to have much meaning for employees who are looking for inspiration and will respond only to a higher purpose that addresses their personal and financial growth. Tom Peters summed up this issue nicely when he recently quipped (Peters & Waterman, 1982) that we place too much emphasis on "markets", when "Markets don't buy products, people do." For example, it is not likely that most rank-and-file employees would be motivated by management's obscure considerations of democratic capitalism or return-on-investment. It is understandable, however, for such employees to be motivated by appeals to their self-esteem, to their spirit, to their growth and survival.

To the extent that a vision without foundation is only a daydream, we as management scholars must ensure that our visions for the organizations of tomorrow are well grounded in clear, integrated action steps that permit measurable outcomes. The transformation process described in this article and illustrated by the Chicago Tribune Freedom Center project launch is a powerful vehicle for such grounding and for use in other organizations. However, one wonders about the curious dynamic between crisis and growth. Is it essential for crisis to precede growth, as has been the case for the Tribune, or is it also possible (cf. Greiner, 1972) for an organization to get these far reaching and beneficial changes without the effort being externally driven? Certainly an area of needed research is to determine how management executives and management consultants can encourage dramatic change without a creative burst of energy that has been generated only through dissatisfaction.

It is our belief that a clear, well-conceived, and well-grounded vision of what the organization is seeking to become, which we found at the

Tribune, is the cornerstone of a fast-tracking transformation effort. This vision becomes a "master template" through which participants in the transformation process can, individually and collectively, assess and modify their efforts. Its central vision-goals, when combined with a clear performance management system (one that links rewards with performance), can provide coordination, as well as a willed future for the organization.

Proven OD interventions (such as teambuilding) served at the Tribune as integrators for other segments of the transformation effort, by helping both individuals and workgroups to work cohesively, systematically, and with a focus on results. This, in turn, helped to align internalized management philosophy and practice with pursuit of vision through performance management.

The Chicago Tribune Freedom Center story is, in some sense, both an ending and a beginning. Thousands upon thousands of organizations like the Freedom Center are in need of transformation, but unfortunately most of them will never initiate one because their top management lacks the vision that is necessary. Instead, most organizations are more likely to engage in numerous projects being launched with fanfare and enthusiasm, only to have them die an unnatural death due to the lack of a comprehensive, integrated change strategy (cf. Lawler, 1983; Walton, 1985). This is an area wherein the dedicated and astute management consultant can be of valuable service to the organizations of the future, by helping primarily top management to see and to follow that vision of what it is possible for them to become.

Creating excellence through the fine-tuning of a change and development effort can be difficult (cf. Pate & Greiner, 1988). However, that task is made even more difficult when the issue is one of resurrecting a dead change effort. Integrated use of transformation techniques, even for organizations

like the Tribune that faced crisis as an antecedent condition, can empower the firm to turn crisis into opportunity. As shown here, the results in terms of performance and savings can be significant.

Certainly, a variety of organizational, change agent, and intervention variables will influence the results of an intervention program (cf. Pate, 1979), and we do not mean by these comments to overstate the importance of the consultant or to self-aggrandize the consulting role. In the case of the Tribune, factors such as the union situation, the current status of the 1000 replacement workers, the elimination of restrictive work practices or featherbedding, changes in equipment and process technology, and/or changes in manufacturing structure would be expected to influence the results reported here. Obviously, there were changes in work force management policies, but we do not know the extent to which there were additional changes in production and inventory control systems, cost and other information systems, make/buy decisions, facilities decisions (e.g., number, size, location, capacity), and so forth. The point is that, while we can readily acknowledge some of the more significant changes and cost-savings that occurred within the Tribune, we cannot unambiguously attribute causality to those changes. And yet the paradox is that, while much research remains to be conducted on the dynamics of the transformation process in order to determine causality or to generalize these findings to other settings, it will be the consultant as artist who will see these results as a statement of possibilities and who will use the threads in them to create additional tapestries of excellence.

Footnotes

¹The views expressed are those of the authors and do not necessarily represent the positions or policies of the Chicago Tribune or any of its subsidiaries. An earlier draft of this article was presented at the meeting of the Western Academy of Management, Big Sky, Montana, March 1988. The authors are indebted to Dan Spencer and three anonymous JABS reviewers for very helpful comments. Address requests for reprints to: Larry E. Pate, Graduate School of Business Administration, University of Southern California, Los Angeles, CA 90089-1421, USA. (Tel. 213-743-2098/2441)

²The Tribune is understandably sensitive about not disclosing key financials, such as Gross Margins -- hence, the need to generalize downward some of the cost savings data beyond mere changing of the vertical scale numbers. Actual savings were greater than the figures shown throughout this article. Also, as of this writing, the unions are still in arbitration and any further discussion of the details of the strike are too sensitive to elaborate at this time.

³The initial number of applicants was in the 140-150 range and over 90% of them participated throughout the assessment process. When applications were received, individuals were told that the assessment process would be taken quite seriously, that selections would not be made on the basis of political considerations, and that the process would, of necessity, require a considerable amount of time and effort. At this point, about a dozen applicants (less than 10%) chose to withdraw their names from consideration and, therefore, were not included in subsequent assessments.

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FIGURE 1

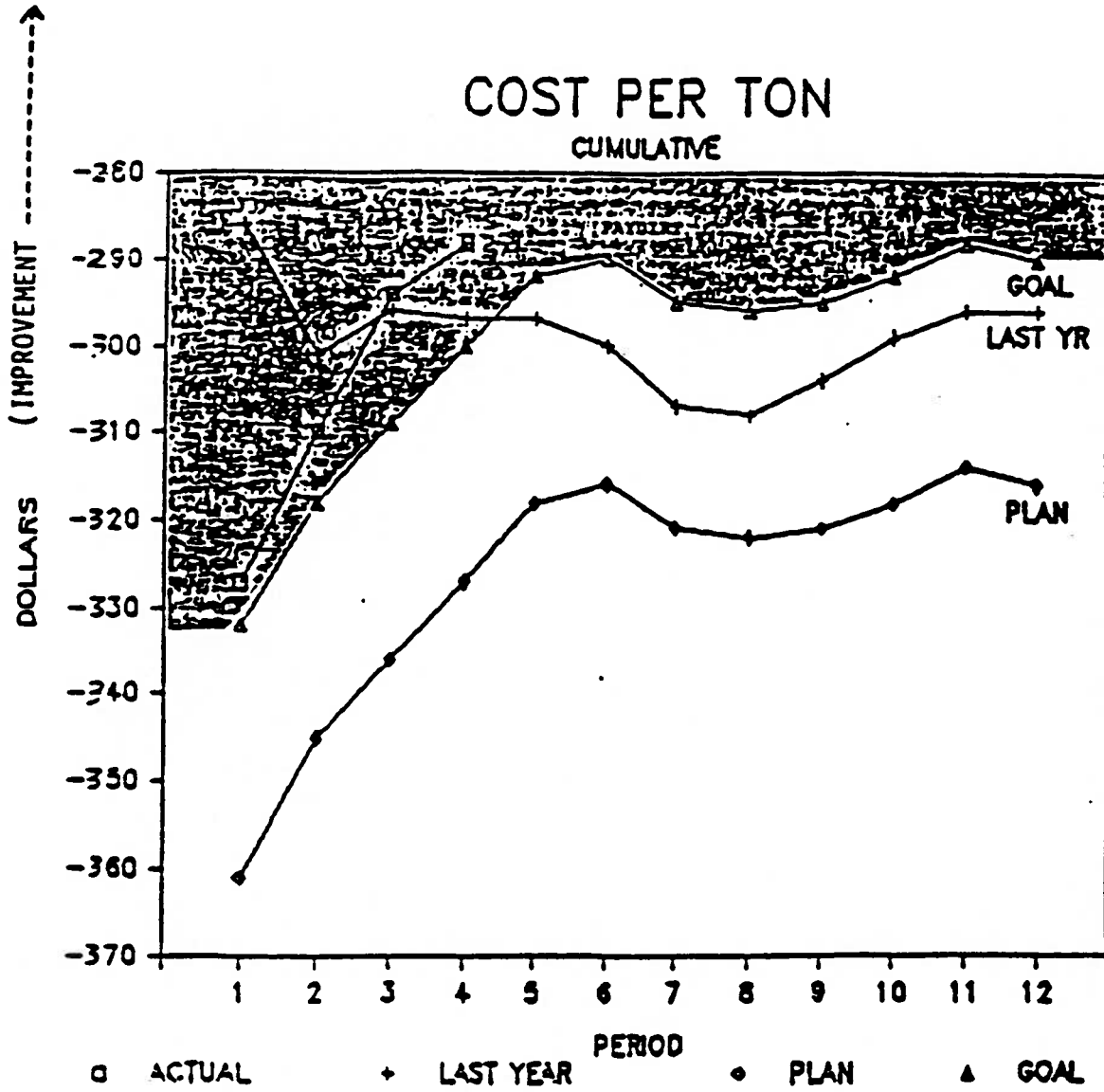


FIGURE 2

LABOR UTILIZATION PRESS MBPP/HOUR PRODUCTIVITY

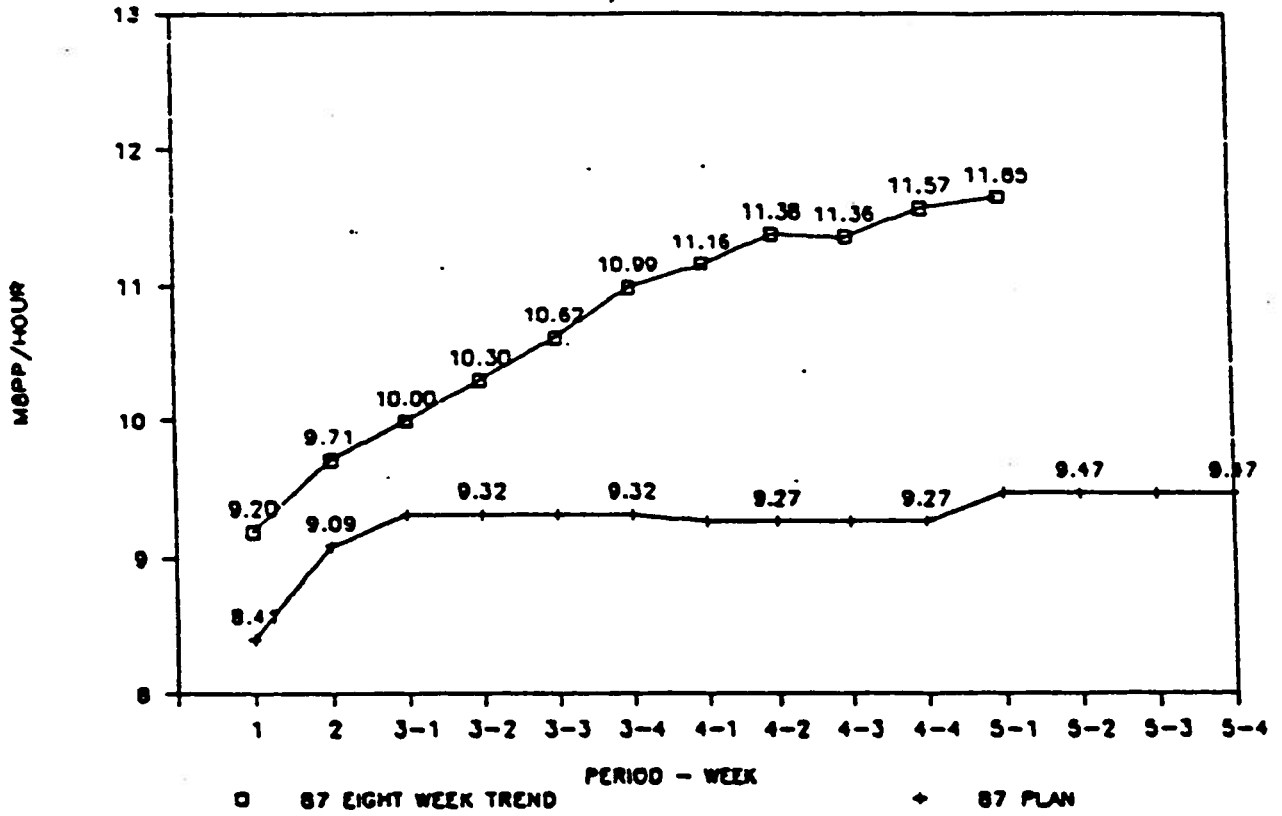


FIGURE 3

DAILY RELIABILITY

MONDAY-FRIDAY 9⁰⁰

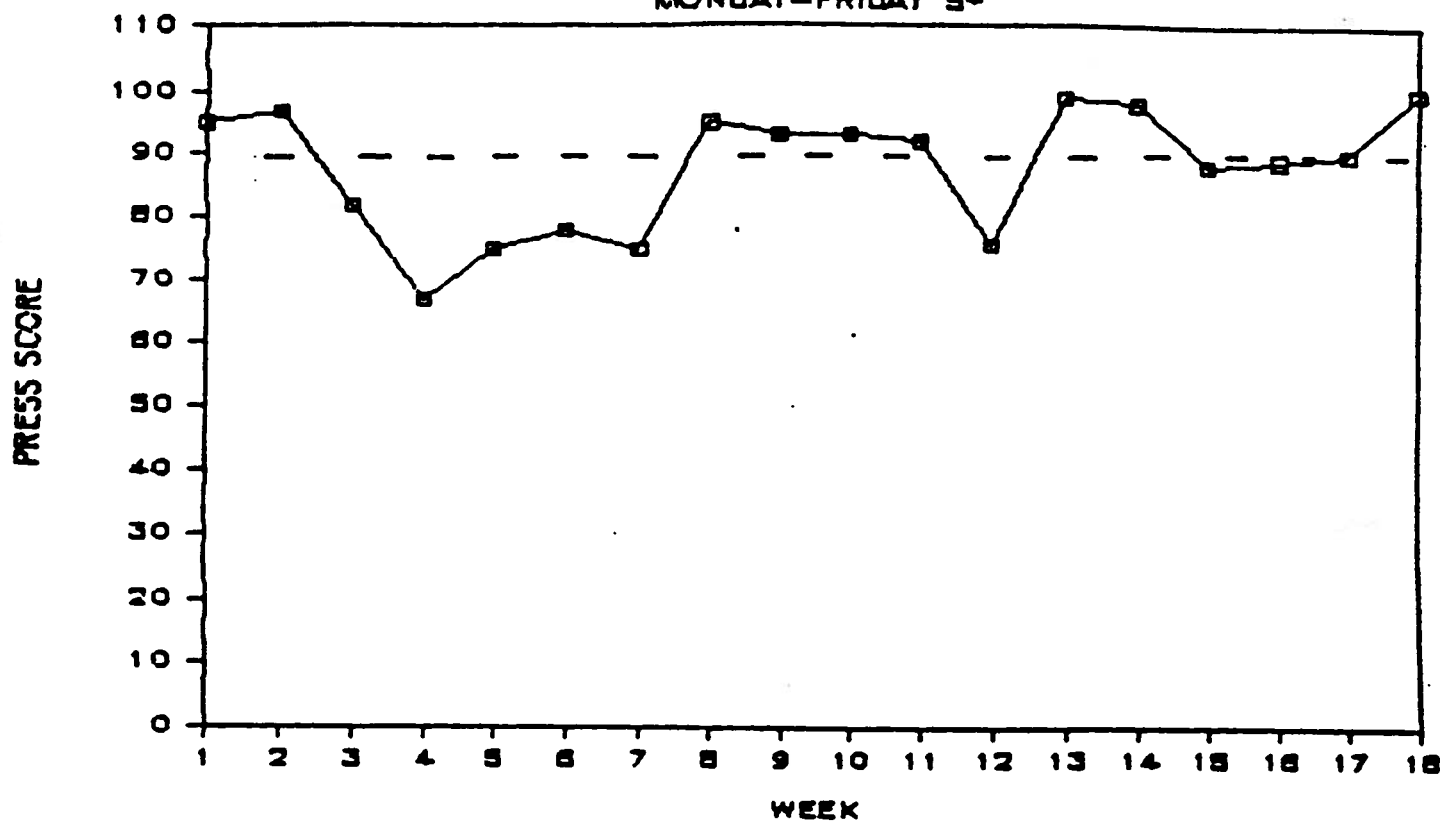
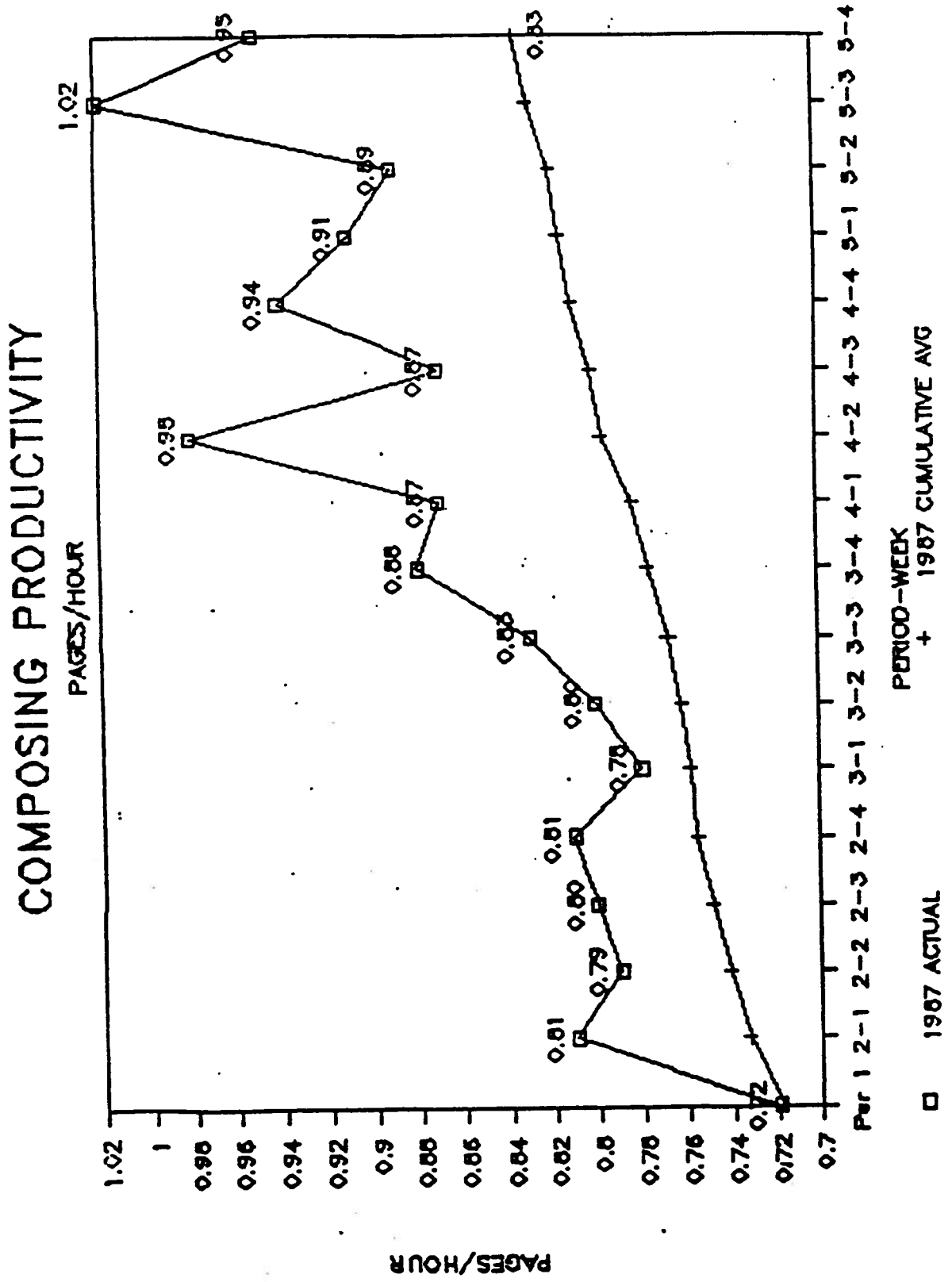


FIGURE 4



Revised 18 Apr 89

Organizational Transformation and the Paradox
of Creating Excellence

by

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Journal of Applied Behavioral Science, 1989, 25, in press.

Organizational Transformation and the Paradox
of Creating Excellence

I am glad to be invited to comment on the preceding article, "Tayloristic paternalism: A critique of the OD management style," particularly since it purports to critique my earlier piece (Frame, Nielsen, & Pate, 1989). Exchanges and debates of this sort are necessary and important for the development of a field. Unfortunately, in this case, our critic seems to have missed the point to the initial article, leaving me the difficult task of now responding to comments that have little to do with the thrust and intent of the earlier piece.

The Frame et al. (1989) article describes a recent organizational transformation effort at the Chicago Tribune's Freedom Center. The article: (a) identifies the 1985 walk-out strike of nearly 1,000 employees as a key antecedent condition prompting the transformation effort; (b) describes top management's proactive efforts to take purposeful action at a critical time in the life of the Tribune; (c) describes the actions and sequence of activities of the consulting team that was brought in to address the problem and to build in conditions of excellence by the renewal effort; and (d) provides available performance data that demonstrates improvements in pages-per-hour productivity and other measures.

Our critic, however, talks of paternalism, Frederick Taylor, and how participative management programs rip off workers. It is not a critique of the article at all, but an attack on participative techniques in general. He/she talks of "an insidious dimension to the paternalism embedded within OD management," and asserts that "commitment to the team process makes individual laborers more vulnerable, unless the team itself has an organizational autonomy from top management," a one-sided argument that simply is not true. What is most disappointing is not that the critique is unfair, but that it is vacuous.

A serious critique would have raised compelling questions about the full causes of both the strike and the results of the transformation effort. A serious critique would have addressed the paradox of creating excellence, of knowing its boundaries and criteria and the extent to which either scholars or consultants have sufficient information to be able to replicate the outcomes obtained at the Tribune in other settings.

Certainly, there are a variety of approaches to creating purposeful change in organizational systems, just as there are different design principles in architecture, music, or physics. Yet our critic confuses organizational transformation with organization development, despite our explicit discussion of the differences. We clearly state that, "Organization development efforts would be expected to focus more on improvements that build on past learning and behavior (i.e., to develop the organization), and organization transformation efforts would be expected to focus more on the desired future state that the change effort is intended to create (i.e., to transform the organization)" (p.). Worse yet, our critic seems to think that any mention of performance results represents an endorsement of the management principles of Frederick Taylor, principles in use around the turn of the century. Finally, our critic then attributes an anti-labor intent to the actions of Tribune management, and uses this as a platform to advocate his/her own strong anti-management views.

To clarify what should be obvious, virtually all organizations are necessarily concerned, in one way or another, with issues of productivity and performance results. To, therefore, address issues of productivity, as occurs in the Frame et al. (1989) article, is no more an endorsement of Taylor and his principles than a similar discussion of combustion engines would represent an endorsement of the principles of Henry Ford. Further, even if we had advocated Taylor's principles, which we do not, what evidence has been offered to suggest

that such advocacy should represent a problem? The fact is that our critic's own strong views about the relationship between management and labor were the real issue being addressed in the critique, but it was done under the guise of responding to our article on the Tribune.

Thus, what can be learned from all this? While issues of power and politics are inherent to the conduct of any intervention effort (Pate & Greiner, 1989), including participative techniques like OD, we need not confuse the essential (even if subtle) difference in focus between organization development and organizational transformation. The effort at the Tribune was not an OD effort in the traditional sense (cf. Huse & Cummings, 1985), and the difference is not merely one of semantics or for the sake of argument. Essentially, my colleagues and I have been criticized for violating a principle of an intervention form that we did not set out to conduct. Would the Tribune have been at all interested in a renewal effort that did not focus on results, given the crisis that had already occurred? Our critic seems to suggest that there is something morally wrong with any effort that attempts to improve outcome measures, a stance entirely unsupported by some of the very people (e.g., Lawler, 1986) cited as evidence against it.

In short, the transformation effort at the Tribune was based soundly on the recent work of people like Bennis and Nanus (1985) and Peters and Austin (1985), not on the outdated work of Taylor (1919). The effort was for the purpose of creating teamwork and cooperation, improving results, and instilling a concern for excellence in various forms; it was not designed or conducted as an anti-labor activity.

Finally, many questions remain in the search for viable methods of creating excellence in organizational systems, and the burden rests on each of us working within the field to provide descriptions of what we do and how we do it if we are ever to move the field forward. Imbedded in the critique is the important

question of who benefits in the conduct of planned change efforts, and the intersection we share with our critic is that power needs to be used responsibly (Pate & Greiner, 1989). And despite our obvious differences, I was pleased to know that our critic regards the Frame et al. (1989) article to be making "a significant contribution." Perhaps through further dialog and debate, the field will one day better understand the dynamics of the paradox. In the meantime, I think we need to recognize the importance of starting with the vision of an ideal organization, as characteristic of all great leaders (cf. Bennis & Nanus, 1985), and then working backward to the present.

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