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THE ORGANIZATIONAL LEVEL OF
ANALYSIS: CONSULTING TO THE
IMPLEMENTATION OF NEW
ORGANIZATIONAL DESIGNS

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The Organizational Level of Analysis: Consulting to the Implementation of New Organizational Designs

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During a two-year period, a European electronics firm, Global Solutions, acquired four foreign subsidiaries to bolster its strategy of becoming a global leader selling systems to large global customers. Working with organization design consultants, it has established globally integrated product lines, identified centers of excellence for research and development in four countries, created virtual teams to take advantage of global dispersion to develop twenty-four hour development processes, and initiated a global supply chain management capability. It introduced state of the art information systems to support globally dispersed work, clarified the missions and accountabilities of global and local teams and business units, and carried out extensive training in cultural diversity and how to operate in and lead dispersed, often cross-functional, teams. Incentive systems have been aligned with the performance of global product lines as well as geographic targets. Communication programs have been established to convey the new strategy and organizational vision to employees.

One year after defining the strategy and the macro features of the corporation, Global Solutions is struggling to reap the benefits of this elegant design. Far from the vision of global collaboration is the benign neglect shown between "co-workers" in different locations, independent functioning of contributors who share common goals, and redundant task performance in multiple locations resulting in competing solutions to the same problem. Employees are reluctant to communicate with one another.They have formed strong impressions about each location's failings and limitations, based in large part on the inevitable breakdowns

that occur when interdependent work is not well coordinated, and on latent and overt conflicts permeating the planning processes required to stitch the system together.

The general manager of the Global Solutions has become increasingly negative about the members of his management team and their willingness and ability to lead their units during this period of change. Even the leaders who helped craft the newly merged organization seem unwilling to change their behavior to effectively coordinate across locations and to provide integrated value to global customers who are looking for global technology solutions. Shadow staffs are being built in different locations to do the work that is in the charters and role descriptions of geographically dispersed individuals and units that "can't be relied on" to do their share. Trying to deal with what seems to him to be blatant resistance to change, the general manager provides carrots and sticks—incentives and threats—to try to shape behavior in the organization. He begins to replace leaders who don't seem willing to "get with the program," and engages another set of consultants to assess the new organization and recommend changes. Yet global integration in general is still slow to emerge, and in fact work is increasingly being repackaged to be carried out by self-contained and co-located groups. The acquired units are increasingly feeling marginalized as the acquiring company is beginning to use them for limited purposes and is not integrating them into global strategic and operational decision-making processes.

Global Solutions' story captures both the complexity and the difficulty entailed in large scale organizational redesign—the purposeful change in an organization's form in order to develop new capabilities in a changing market environment. Faced with global customers who require common technical solutions and with fast-paced competitors drawing on talent from around the world, Global Solutions developed a business strategy to provide compatible products

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and integrated systems to global customers through the establishment of geographically dispersed product lines and customer facing teams. Through acquisitions, Global Solutions extended its talent and organizational competency pool globally, and engaged in an extensive redesign process in order to integrate its global assets and provide an organizational architecture (Keidel, 1995; Nadler, Gerstein, Shaw, and Associates, 1992) to support a new way of functioning. Yet, despite these changes to the formal design—including aligning rewards and incentives with the desired way of functioning--behavior didn't change accordingly.

Global Solutions is not alone. Organizations today are facing a steady stream of competitive challenges that require strategic change. Simultaneous change occurs in three domains:

1) The business model of the company: the value it delivers to its customers in exchange for the revenue and other resources required for the organization to prosper.

2) The technology: tools and methodologies that the organization applies to deliver value to the customer and to manage its own operations.

3) The social organization: the design of the organization's structures, processes and sub-systems to support effective performance and enhanced capabilities.

Organizational change consultants must understand and contribute both to the crafting of substantive changes in these three domains, and to the ongoing and formidable change implementation challenges facing organizations.

We studied Global Solutions and nine other companies for a 3 year period as they embarked on and worked through fundamental change and redesign (Tenkasi, Mohrman, and Mohrman, 1998). We found that such large-scale change poses not only a substantial organizational redesign challenge, but also demands extensive learning by the organization and

its members. Whether and how quickly the changes are successfully implemented relates to the effectiveness of the internal learning processes in the organization. Consultants to organization level change must understand strategic redesign, and provide guidance to line management as it crafts and implements new design features. They must also help the organization establish learning processes to facilitate the transition. Successful change consultation requires a model of change management that goes beyond the pervasive resistance-based conceptualizations that portray the challenge as overcoming resistance to change.

This chapter describes the learning processes that facilitate the implementation of new designs, as well as the leadership roles that create the context for effective learning during transition. It provides a framework for internal and external change agents who are tasked with helping an organization plan and execute the initiatives and interventions to accelerate the transition process.

THE ORGANIZATION LEVEL OF ANALYSIS: REDESIGN AND LEARNING

In today's dynamic global business environment, the only sustainable competitive advantage is the organization's capacity to learn (Senge, 1990). In order to grow in increasingly competitive markets, organizations must be able to respond to unanticipated market forces and generate new approaches that deliver increased value to customers. They have to be able to reconfigure themselves as needed, shift and broaden their focuses, and work through temporary teams and alliances. They have to be able to shift their organization's design, or architecture. "Those companies that are creative in designing new organizational architectures will be those that gain significant competitive advantage in this new era of change" (Nadler, 1992, p. 8). Organizational transformation has become a prevalent theme, and leading organizations through

transformations a critical leadership capability (Bennis and Nanus, 1985; Tichy and Devanna, 1986). Such transformation entails change in many aspects of the organization, including its culture, or meaning system, and at all levels of the organization.

Multiple Sub-system Change

Organizational transformations occur through simultaneous change in many aspects of the organization, including its structures, processes, and valued outcomes (Ledford, Mohrman, Mohrman, and Lawler, 1989). Just as a building's architecture creates a framework that affects behavior through the shaping of space and the creation of some opportunities and the constraint of others (Rasmussen, 1991, p. 10), an organization's design facilitates and encourages some kinds of behaviors and performances while impeding others. Thus redesign is central to most transformations aimed at achieving fundamental change in an organization's capabilities and performance. Such redesign aims at "bringing about a coherence between the goals or purposes for which the organization exists, the patterns of division of labor, inter-unit coordination, and the people who will do the work" (Galbraith, 1977, p. 5).

Figure 1 depicts the various aspects of the organization that can be purposefully designed to support the organization's strategy and be mutually consistent (Galbraith, 1995). As the environment changes and the organization needs to perform in a different manner, each of these design elements may need to be redesigned to provide the context for the new behaviors that are necessary to enact the changing strategy:

> 1) Work Processes: The processes that deliver value to the customer can be changed and clarified, and the technologies and tools required to carry out these processes can be developed.

Figure 1:
Star Model
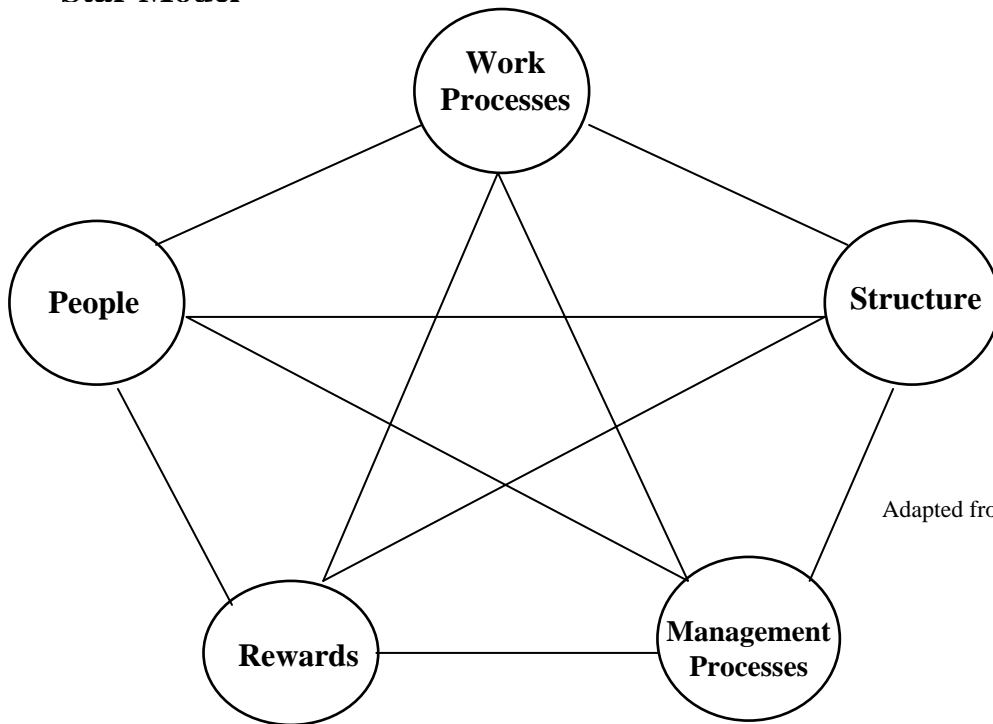
Adapted from: Galbraith (1995, p. 12)

2) Structure: Structural units and lateral linkage mechanisms can be changed so that
   units house complete work processes and there is ongoing coordination and
   integration across the various units in the organization.

3) Management Processes: The direction-setting, communication, decision-making and
   performance management processes of the organization can focus attention on key
   strategic requirements and behaviors and can clarify, facilitate, and monitor the
   contribution of all parts of the organization.

4) Rewards: The systems that deliver valued extrinsic outcomes to employees can be
   crafted to reinforce desired contributions and competencies.

5) People Processes: Competency systems, selection and career systems, and

   development systems can be designed to ensure that the organization has the talent it

   needs to carry out its strategy.

These design elements all need to be aligned to support a new way of operating.

Consultants can help organizational management teams and design teams craft them to fit

strategic requirements and work process requirements. In transitions to team structures, for

example, the infrastructure and languages for connectivity, the formal leadership for the teams

that make up the business unit, and team membership can be prescribed. But changes in

behavior, beliefs and understandings cannot be formally prescribed. They occur through the

interactions and experiences of employees in the changing organization. Such deep change

cannot be commanded from above. Macro design interventions define a new playing field, but

each sub-unit and the individuals in the organization need to learn to be effective in the

fundamentally altered context.

Learning at All Levels

Organizational transformation and organizational learning are closely related phenomena.

Organizational learning is a collective phenomenon through which organizational members put

in place new approaches that enable the organization to perform more effectively and improve

performance over time (Tenkasi, Mohrman, and Mohrman, 1998). Achieving effective

performance during a time of strategic redirection and organization redesign requires extensive

organizational learning. Changing the formal configuration of elements in the organization

system may be essential to organizational transformation but insufficient to yield the desired

behavioral changes required to enact new strategies and capabilities. Organizational learning

also results from the accumulation of many small, incremental changes that spring up as units

within the organization design and redesign themselves (Weick and Westley, 1996; Levitt and March, 1988)). These micro-level changes emerge through the planned and unplanned interactions of individuals in units throughout the organization as they carry out their work within and across reconfigured units, teams, and workgroups.

During transformation, redesign and learning must occur at all levels of the organization (see figure 2). Some aspects of the redesigned organization can be developed through a corporate level design process and prescribed, but much is emergent. For example, as Global Solutions restructured to develop global product lines and global system capabilities, it acquired new units, redefined and reconfigured its business units, developed globally integrated work and business processes and information systems, developed metrics that focus on the growth of global accounts and worldwide sales, and put in place career development and reward systems to develop global competencies and reward global functioning. These macro initiatives were intended to provide the context and infrastructure to support and stimulate new ways of functioning. If that macro-restructuring was to achieve its intended performance, every unit, team, and individual had to develop new approaches to perform differently and relate to and integrate differently with other parts of the organization. Product design teams located in Europe had to develop norms and skills that enable technical integration with teams in the Americas and Asia that spoke different languages and had to perform interdependent work.
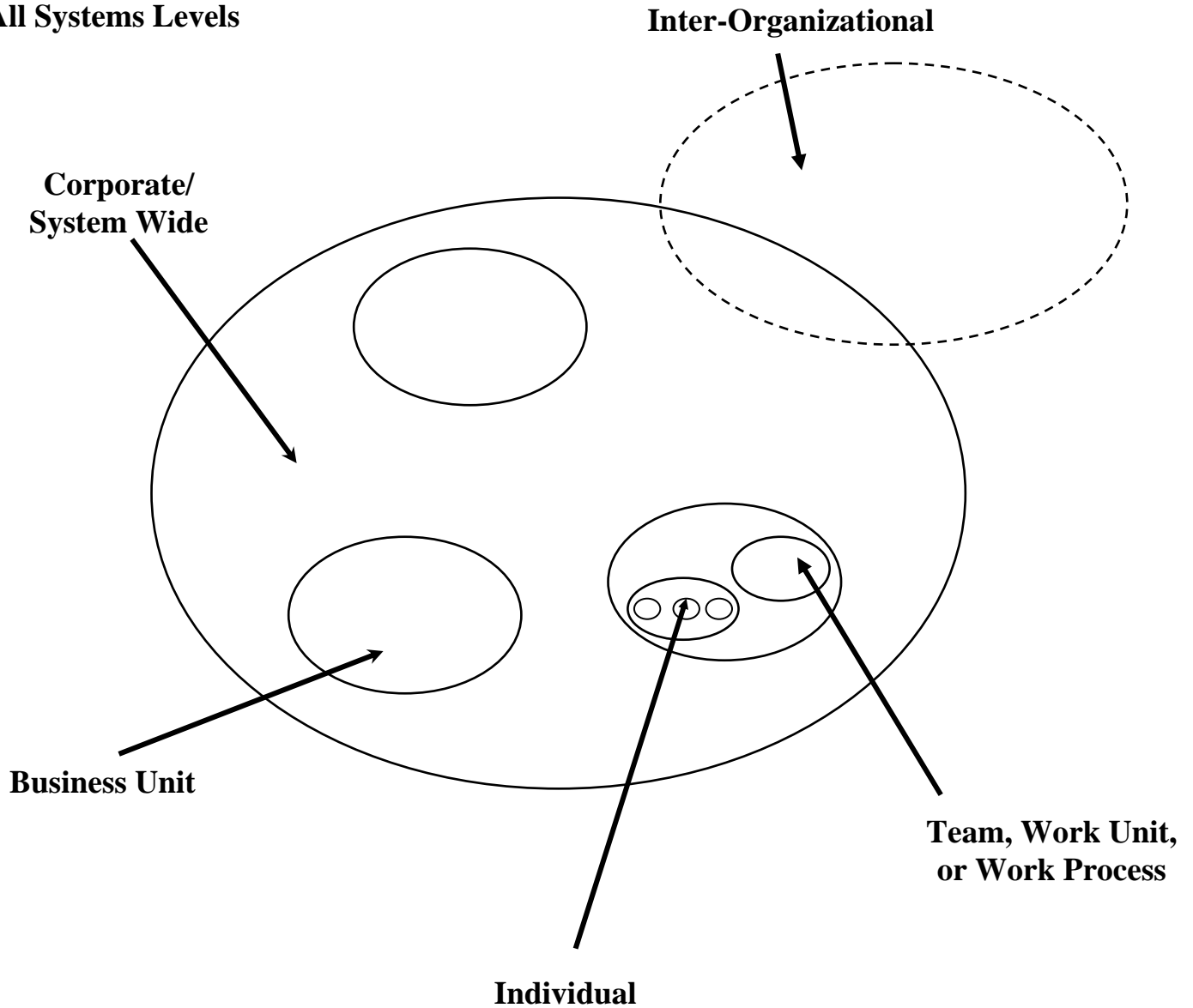
The locus of organizational learning is the group. The accomplishment of coherence around a targeted set of outcomes and performances requires simultaneous realignment of activities by many people. Successful organizational learning results in altered collective capabilities. We found that units within the same organization vary tremendously in the speed and success of transition, despite the fact that they are exposed to the same company-wide

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change context and are learning new roles and new ways of doing business within the same overall transition. Some units apparently establish more effective learning processes that enable more rapid adoption of new approaches required for success in the changing macro organization. The various product and system development teams of Global Solutions, for example, differed greatly in how quickly they developed team approaches to staying aligned with the other teams that were working on related projects. Some teams continued to operate as if their work could be partitioned off from the rest of the global product line. They operated as if they were still in self-contained units with a clear set of requirements that could be achieved with internal focus. Other teams more quickly figured out how their work fit with the work of other teams to create a coherent and compatible set of offerings for global customers. They developed roles and responsibilities for linking to the broader organization and internal processes for adapting to a dynamic family of products.

Learning and Meaning

The learning required to enable effective performance within a new design often entails change in elements of deep culture (language, behavioral routines, and values). These elements are often embedded and automatic, and are shared and taken for granted by organizational members. They underlie the interpretation, action, and behavior of the organization, and are not easily altered through direct interventions (Ciborra and Schneider, 1992; Sandelands and Stablein, 1987; Drazin and Sandelands, 1992). In Global Solutions, organizational units and individuals who have derived meaning and satisfaction from meeting the particular requirements of a local market may cognitively understand that global reach requires the development of common technical elements that enable compatibility across geographies. However, they may

**Figure 2: Design at
All Systems Levels**

Inter-Organizational

**Corporate/
System Wide**

Business Unit

**Team, Work Unit,
or Work Process**

Individual

not have a broad enough perspective to understand what elements need to be compatible and

why this makes a difference to global customers. They may not know what they have to attend

to during the development process. They may not have mental models of what it means to do

globally integrated development, and what processes and behaviors will be required to do it

successfully. Furthermore, altering one's behavior to foster commonality rather than local

optimization and responsiveness throws into question assumptions and values that are deeply held. The very notions of customer responsiveness and technical excellence are redefined; and this requires new understandings of how employees contribute and add value. Decision criteria are changed, and the sense of autonomy and ownership by a particular unit and its members is threatened.

Although the leadership of an organization can articulate a new strategy and design, new guiding principles, and new purposes, managers at the top cannot learn for the rest of the organization. Similarly, consultants can coach the organizational members, facilitate process and educational interventions, but they cannot learn for the organization. Success in leading an organization through a transition is inextricably dependent on the quality of the ongoing learning processes throughout the organization. Providing a context for learning and sponsoring interventions that stimulate learning is an important leadership function. Helping leaders throughout the organization establish an effective learning environment is a critical change consultation challenge.

Individuals enmeshed in a changing organization face great personal challenges as they adapt to the changes and learn the new capabilities and interaction patterns required for personal success in the changing context. Yet new organizational capabilities need to become embedded not only in individual behavior, but also in collective behavior. Old routines are replaced by new routines, and this is the essence of organizational learning (Levitt and March, 1988). New capabilities are to a large extent relational. Even individual learning occurs in the company of others with whom the individual is interdependent. Individuals and their teammates collectively need to perform new and different functions and accomplish new performances; they need to relate differently to other parts of the organization. Individuals need to operate in a manner that

is heedful of and that contributes to a new pattern of activities in their unit and across the larger organization. They perform and learn in that larger context. In Global Solutions, for example, individual team members need to carry out their development activities with awareness of their expanded interdependencies with work that is being done in different locations and with focus on the needs of a broader set of actual and potential customers. Control of the technical configuration and functionalities of the products and systems must now be carried out by formal mechanisms rather than through face to face interactions among co-located members of self-contained teams. Individuals have to learn how to influence the larger system, participate in virtual meetings, keep up with changes in the larger system, and collaboratively adjust their work in anticipation of system-level effects. They have to develop understanding of a much more complex system in order to participate in it effectively with others.
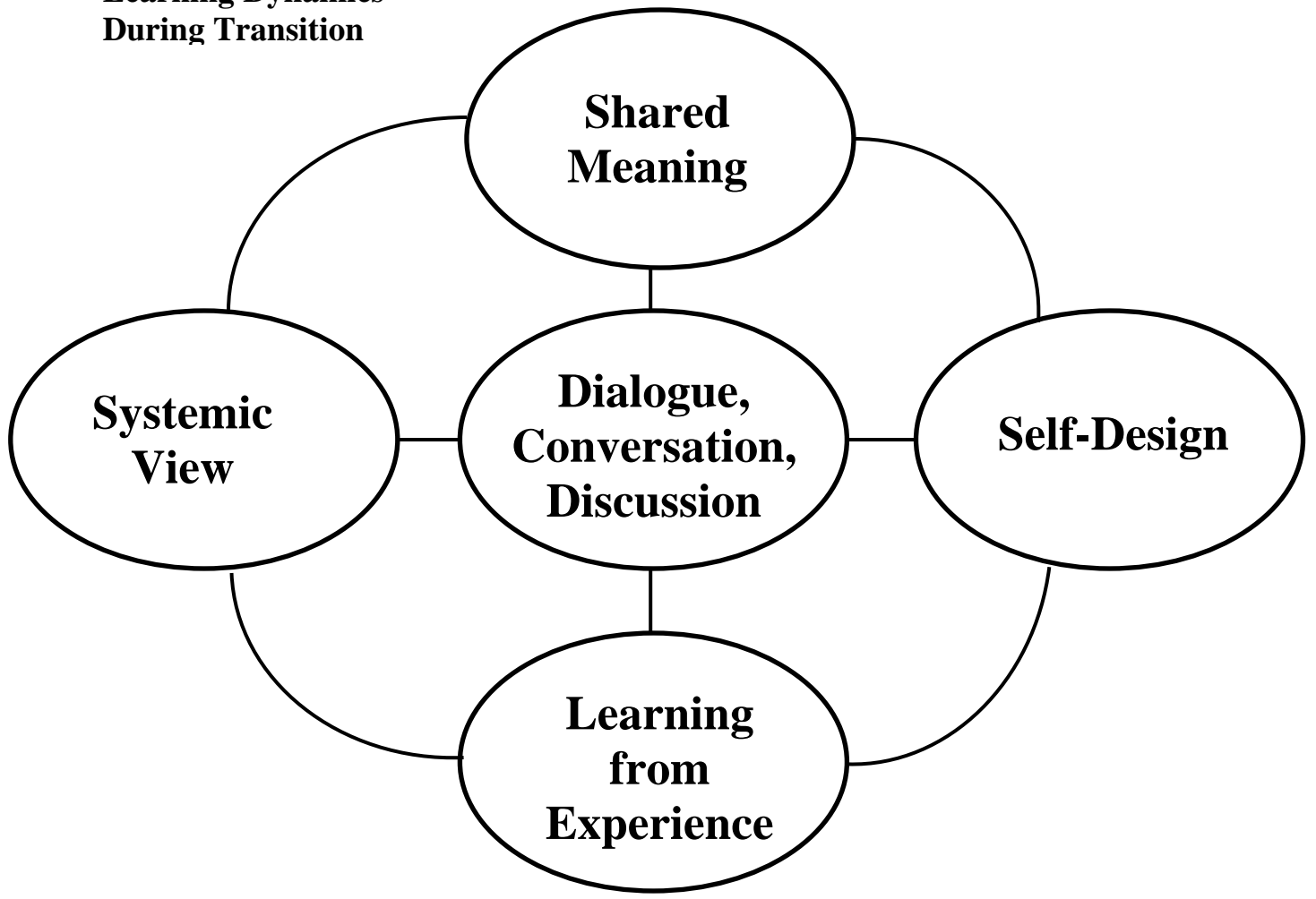
Perhaps most importantly, individuals must learn how to participate in a learning system and to deal with the uncertainties and ambiguities of being in a dynamic system. Transitions and their associated learning activities are not neat and orderly in the sense of being masterminded from the center and then rolled out. They begin with the identification of the key elements of the new design (e.g., global product lines, integration of geographically dispersed development activities; systems customization processes; virtual teams). A series of initiatives and interventions direct attention and activities toward implementation. The new organization literally unfolds through time. At the beginning of a strategic transformation, organizational leaders and members cannot fully predict what is required to support the desired performance capabilities. "Events are set in motion, but the orderliness they will create remains to be discovered" (Weick, 1993, p. 350). Social designs are abstractions that have to be created through action (Perlmutter and Trist, 1986).

In summary, the learning interventions that foster accelerated transition must go beyond those that focus on individual learning. Individual education and training may provide basic understanding and skills, but the cognitive, behavioral, and structural learning that is required to enable an organizational unit to operate effectively in a changing organization cannot be reduced to individual learning. Much of the individual learning about how to operate successfully in the changing context occurs in the course of collective learning processes. As the group clarifies how it must function in the changing organization in order to achieve new levels and kinds of performance, it shapes the new context and its members learn through this collective self-design process how they must contribute in the future. Change consultants need to help the organization craft approaches that result in collective learning and that enhance collective learning capabilities. The next section focuses on the collective learning processes that we found enhance organizational transition.

LEARNING PROCESSES DURING TRANSITION

In each of the companies that we studied, we compared units that were successfully implementing changes in a relatively accelerated manner with units that were having a more difficult time and apparently lagging behind. Our goal was to explore whether there were systematic differences in the internal learning processes of the accelerated and lagging units. Based on the coding of extensive structured interviews with a cross-section of members of each unit at two points in time, we identified five learning dynamics that were more prevalent in the accelerated units (see figure 3). These dynamics are not discrete processes—rather, they proceed in rich interplay with one another. Each will be described below.

Figure 3:
Learning Dynamics
During Transition

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                    ╭─────────────╮
                   ╱    Shared      ╲
                  │    Meaning      │
                   ╲               ╱
        ╭───────────╳─────────────╳───────────╮
       ╱           │   Dialogue,   │            ╲
      │  Systemic   │ Conversation, │  Self-Design │
      │   View      │  Discussion   │              │
       ╲           │               │            ╱
        ╰───────────╳─────────────╳───────────╯
                   ╱               ╲
                  │    Learning     │
                  │     from        │
                  │   Experience    │
                   ╲               ╱
                    ╰─────────────╯
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Developing Shared Meaning

At the beginning of a strategic transition, there is a great deal of uncertainty—about the capability of the organization to achieve success in the changing environment, the nature and desirability of the changes in strategy and organization design that are being undertaken, and on the part of individuals about their own abilities to adapt and be successful as the organization demands new kinds of performance. The orderly and predictable functioning of the past was based on shared meanings that guided decision making and coordinated activity (Thompson and

Tuden, 1959). Now, common beliefs about what will lead to organizational effectiveness and

what is expected of employees have been disrupted, and new shared understandings have to be

rebuilt. A key task for consultants is to guide the system through activities that stimulate and

facilitate the development of new shared meaning.

Even the purpose of the organization may have changed. In the case of Global Solutions,

for example, the mission had changed from providing products and solutions tailored to the

needs of local customers to building platforms and solutions that could serve as the basis for

global integration of the customer's activities. Another company in the study was changing from

a purpose of developing and providing the best technological products to a sophisticated

technological user to a new purpose of developing and providing turn-key systems that could be

effectively used by the lay person. This represented a fundamental change in meaning for the

engineers and scientists of the company who had historically focused on whiz-bang technology

and assumed that the user would figure out how to apply it.

The meanings of the old system were embedded in the culture of the organization—in its

language, its action routines, and its material, structural, and process artifacts (Weick and

Westley, 1996). Learning to implement a new design requires building new shared meanings

through the development of altered language, new work routines and new structures and

processes. For Global Solutions, for example, a new language and new communication and

coordination routines had to emerge that embody the meaning of global collaboration. New

information systems, work and leadership structures, and process tools are organizational

artifacts that both carry intended meaning but also are infused with meaning through the

collective development of language and routines by organizational members.

During times of great change, when agreement about purposes and cause and effect breaks down, the organization has to operate in a way that allows new shared agreements and meanings to emerge (Weick, 1993). The accelerated change units in our study engaged in processes that enabled members collectively to clarify their understanding of the strategic change, to attach meaning to the transition, and in so doing to establish new work routines and approaches. In one of the software development units of Global Solutions, for example, members came to grips with the meaning of global collaboration by spending time thinking through the ways in which their work affected the ability of a global customer to achieve coordinated operating capability. One of their members had been part of a cross-functional and cross country team that visited and held focus groups with a number of global customers, and this individual shared his experiences with others in the team. The team identified the reasons why, and purposes for which, their unit would now have to operate with much closer coordination with other units that contributed to the customer solution. Although the term "global collaboration" was being used by management to describe the essence of the redesign, for some of the other units in the company this term was simply an abstract concept that referred to planning activities at a higher organizational level. This software development unit spent time attaching its own meaning to this concept, and in so doing developed a shared understanding and language about the nature and purpose of global collaboration.

Self-Design

The activities by which the members of a unit determine how they will organize themselves to perform effectively in the changing environment and organizational context are key learning processes. Because the micro-design of many diverse units cannot be centrally determined, implementation cannot be fully accomplished unless each unit goes through a self-

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design process. Through self-design the unit translates the overarching intent of the redesign into unit-relevant structures, roles, and practices, and responds to the unanticipated and emergent issues and requirements that become evident as the unit tries to operate in new ways. Self-design is also a key meaning creating activity: as the members of a unit determine how they will operate, they developed shared ownership and shared meanings that underpin their ability to perform collectively.

Self-design can occur in part through planned consultant led interventions such as formal team-building activities or large group design activities. However, ongoing response of the group to emergent occurrences and needs lies at the heart of self-design and constitutes the essence of the unit's learning capabilities. In one newly established technical support unit in an aerospace and defense firm in our study, team members convened daily for a brief "check-in" to discuss transitional issues that had been encountered the previous day. They charted agreements about how they would deal with various kinds of recurring decisions and process requirements. For example, they agreed to processes for defining work and allocating resources (the main resource being their own time) to make sure that team members did not make idiosyncratic agreements with internal and external stakeholders that committed each others' time and depleted capabilities to carry out the new mission. In order to do this, the members of the unit had to come to a shared meaning of what was the core work of the group, and what valued contributions it needed to make so that the system development work that they supported could proceed effectively. They could then design internal processes and delineate roles and relationships to make sure that they could carry out that work effectively.

Systemic Functioning

The fast-learning units took a more systemic perspective of their work. Consultants can help stimulate this by planning interventions that bring the whole system in the room, such as large group design and implementation sessions, and that focus each part of the organization on how it contributes to the larger whole.

In a stable environment, the different parts of the organizational system have become differentiated and they have learned to focus on particular performance outcomes and to relate to other parts of the organization through well-worn paths, or routines. When uncertainty is increased, such as during strategic realignments and organizational redesigns, the elements or subunits of the organization may change, as do their relationships to one another and the manner in which any one element needs to perform to support overall system performance. As each unit designs itself, it needs to develop an understanding of where it fits and what it needs to contribute to the effectiveness of the larger system. Learning occurs as the organization considers and strives for a broad array of outcomes that are required for the organization to be effective. Taking a systemic view leads a group to pay attention to more aspects of the system and opens up more avenues for improving performance. It enables appreciation of the whole, rather than of a narrow piece part, and creates a framework for seeing interrelationships and patterns that form the basis for learning (Senge, 1990).

One unit in our study was able to contribute to cost and revenue improvements by taking into account concerns not only for the technical capability of the system it was developing, but also for the ease of customer migration to new generations of technology. Previously this unit focused primarily on achieving advanced technology with quick time to market. Sessions with advanced technology representatives from the business unit and its customers enabled an

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identification of the various challenges of technology migration from the perspectives of multiple stakeholders. This consultant-facilitated intervention expanded the focus of attention, and the unit was then able to find ways to protect its quick development capabilities while simultaneously delivering broader value to customers. At the same time, technology development took on an expanded meaning, and the unit developed formal linkages to other parts of the organization that were envisioning the next generation of technology and products.

One company in our study stimulated the adoption of a systemic perspective by developing a company level business model that depicted the outcomes of importance to various stakeholders and important to company success. It depicted the key work processes of the organization that deliver value to stakeholders, and the key leverage points for improving performance and competitiveness. Consultants designed and facilitated a series of sessions in which the members of each unit in the organization developed a local version of the business model. This process included the identification of the unit's role in this larger system as well as important unit-level outcomes, transformation processes, and key leverage points for improving its performance. These business models served as the basis for formulating and reviewing the goals and objectives of the unit, and provided a shared understanding of the system that enabled the unit to identify and focus on improving value adding activities while de-emphasizing or eliminating non-value adding work. The business model also provided a framework for identifying needed linkages with other parts of the organization or the larger environment.

Learning from Experience

The fast learning units engaged in more ways to learn from experience—both from their own experience and from the experience of other units who were introducing successful change and/or from other companies who had made similar transitions. Design transition is by necessity

an iterative process. Strategic change leads to the introduction of new design features, and through experience the organization learns and introduces additional changes and enhancements. The more quickly a unit learns from experience, the faster it can make corrections and introduce new changes in response to ongoing change in the broader organization and market environment. If organization-wide learning dynamics are in place, there are feedback loops so that what is being learned in each unit is input to the larger system level and informs midcourse corrections and/or ongoing change. Dissemination mechanisms can be built to enable units to learn from each other.

Learning from experience happens naturally. It can be accelerated; however, if the unit consciously adopts learning approaches. Change consultants can help the organization develop and implement ways to learn from experience. They can suggest ways that business units going through change can institutionalize learning routines. Some units experimented with and assessed new approaches before incorporating them into work routines. In one financial services organization, a regional team set aside time in meetings to discuss lessons being learned as members tried new approaches to introducing new products and services to commercial customers. Some units sent members to visit other parts of the organization that were known to be achieving superior outcomes to see how they were accomplishing these results. Organization-wide interventions such as establishing learning fairs or establishing awards for successful replicating innovative approaches can stimulate the sharing of ideas and openness to new ideas.

Dialogue

Dialogue is the process that underpins all four of the learning dynamics described above. It is the fundamental process of large-scale change (Barrett, Thomas, & Hocevar, 1995). Dialogue is conversation bringing together multiple perspectives and enabling the unit to

transcend deeply held individual and collective views and create new meaning that goes beyond any individual's previous understanding. Senge (1990) has stressed the importance of dialogue for generative learning, particularly at the collective level. Dialogue underpins the ability to take a broad, systemic perspective through the surfacing of a broader set of knowledge than any one individual would naturally address. It enables the development of new, shared, meaning through the mutual influence and emergent interpretations. Learning from experience occurs as individuals share their interpretations of events and come to a collective understanding that enables the group to chart a new course of action. Without dialogue, the unit cannot establish shared meaning and agree on new routines (Tenkasi, Mohrman, and Mohrman, 1998).

Global Solutions found that its transition was going very slowly, in part because it envisioned a new way of operating and instituted a design that required new linkages and processes that cut across many groups in different cultures and with different heritage company routines. Communication was made more difficult by the multiple languages spoken in different locations. One product line, however, stood out from the others in its ability to establish collaboration across geographically dispersed groups. This product line invested in a great deal of early face to face meeting time among dispersed members so that they could talk to each other and develop a common understanding of how they would operate as a global product line. The vast majority of time during those meetings was spent in dialogue—talking about purpose and sharing understandings of how the virtual group would handle different kinds of issues, sharing concerns about barriers that may be faced, and learning about each other. These meetings provided a foundation of familiarity that enabled ongoing dialogue, often electronic, as issues emerged and lessons were learned.

Intervening to Promote Learning During Transition

Many of the learning dynamics that characterized the units with accelerated implementation emerged naturally from within the unit. In one case a key technical leader prodded the group to come to a common understanding because she feared that otherwise performance would be compromised because the members would be working at cross purposes. In another group the leader was oriented to learning new approaches and aspired to a global management position. This leader sensed the opportunity for the group to gain visibility in the organization if it could learn quickly how to overcome the barriers and find ways to achieve effective cross-cultural collaboration. He convinced the members that they had a real opportunity to be leaders in the company. In yet another group one of the members was close friends with someone in another company that had gone through a similar restructuring. She arranged for members of the unit to visit and learn about what they had gone through and what design features they had put in place. The information picked up in that visit provided an initial focus for the ongoing learning processes in the group.

Learning processes do not have to emerge by chance. In several of the companies in our study, change management interventions steered the organization toward collective learning. Change consultants should see their job as helping the organization become a robust learning system rather than helping the organization overcome resistance to change and/or implement a particular set of changes. This can be helped by educating leaders about the kinds of learning behavior they need to model and encourage in their groups, and helping leaders to be comfortable managing meaning and engaging in dialogue with their units. Learning can also be stimulated if templates are provided to help shared meaning to develop. Such an approach was utilized by the company mentioned above that developed a business model that became a

framework for much of the work in the organization, and put in place performance review processes that required each unit to work through its own systemic business model. Learning can also be encouraged if the macro-design that guides the change is at the level of principles and broad design specifications rather than specified at a very detailed level. Units can be provided with guidance, principles, and processes for carrying out additional design activities locally. Such an approach to minimally specify the design has long been advocated in the socio-technical systems literature that stresses the need for units to be designed by the people who have to live with the results (e.g., Pasmore, 1988). In order to stimulate learning from experience, one company in our study required and provided a template for yearly self-reviews of transition progress by each unit, requiring the unit to invite members of other units to participate in the review and provide third party observations and suggestions.

In today's dynamic environment, such learning interventions should not be viewed merely as implementation activities for a defined transformation. Rather, they are best seen as building in on-going learning routines and capabilities to underpin the ability of the organization to change through time. Clearly, change consultants need to work closely with organizational leaders who are ultimately responsible for developing the organization's learning capabilities during transition and beyond. The next section examines the role of leaders during transition.
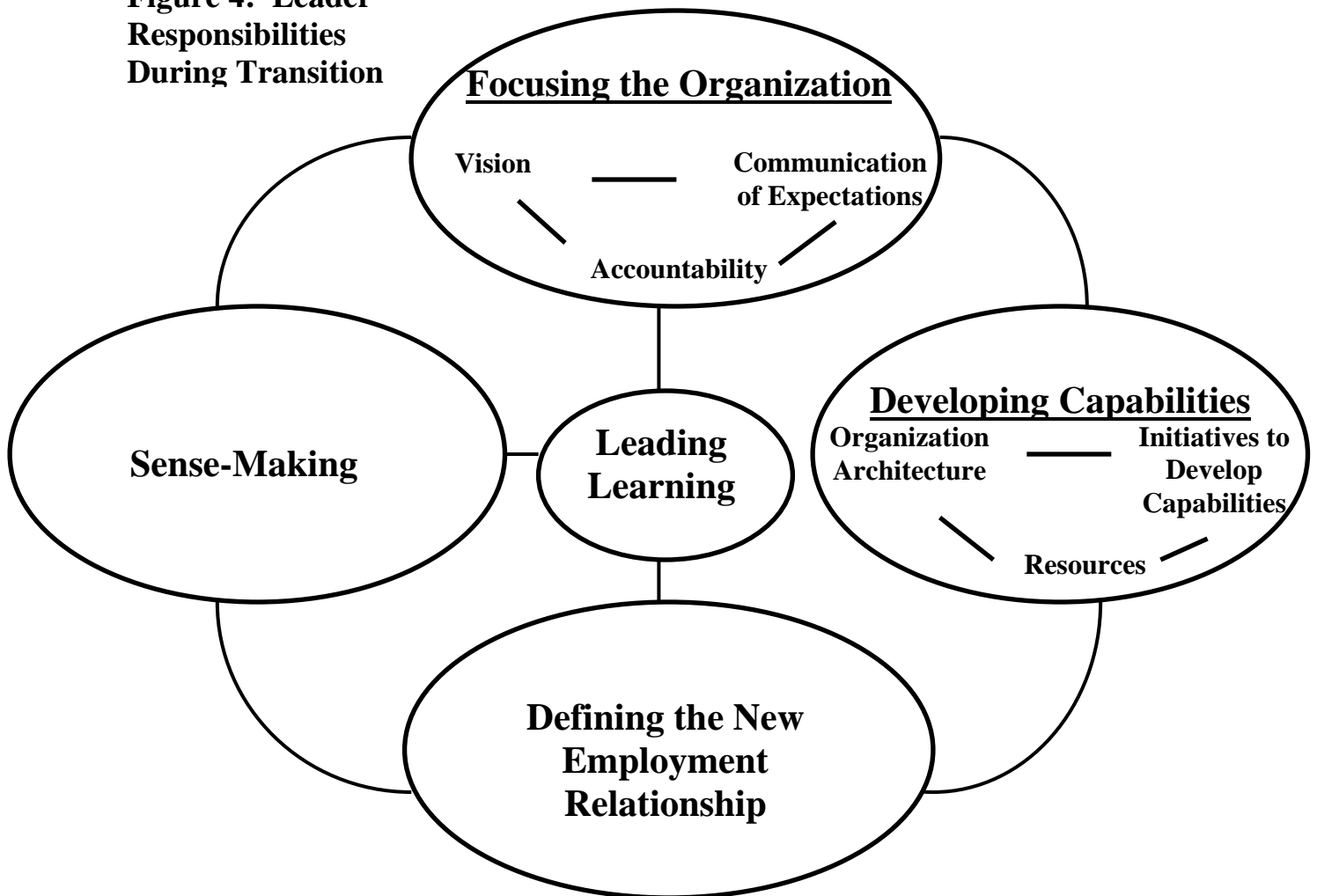
LEADER RESPONSIBILITIES DURING TRANSITION

Crafting the strategy and leading change from the top of the organization is necessary but not sufficient during strategic transitions. Yet, it should be clear from the above discussion that successful transition depends on change leadership throughout the organization, and on learning processes within each and every unit. Redesign, strategy formulation, and meaning creation

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occur at all levels of the system. Consultants cannot be present in all units at all times.

Therefore, coaching and teaching the formal leadership of the organization to play strong change

leadership roles is a critical consultant function. We found a number of leadership

responsibilities that contributed to the acceleration of change and learning. These are important

not only for top management, but also for management of the various sub-units of the

organization.   These appear in Figure 4, and are briefly described below:

Figure 4: Leader Responsibilities During Transition

Focusing the Organization

Vision — Communication of Expectations

Accountability

Sense-Making

Leading Learning

Developing Capabilities

Organization Architecture — Initiatives to Develop Capabilities

Resources

Defining the New Employment Relationship

Focusing the Organization

In the companies and units with the most accelerated transitions, leaders used every opportunity and tool to keep organizational members focused on the desired transition. Some leaders helped their organization develop a vision, continually referred to that vision, and related various actions and plans to it. They found many ways to communicate new expectations, such as in speeches, video and e-mail communications, and visiting various teams and work units to talk about the vision and answer questions. They set goals and objectives that relate to the vision and held formal reviews of progress. They continually asked questions about how the unit and its members were doing with the changes and what the leader could do to help. Leaders of effective change made it clear that people in the organization, and especially the supervisors and managers, would be held accountable for helping bring about the new capabilities, and they followed up with action through performance appraisals and promotions. Through these focusing activities leaders not only stimulated the rest of the organizational members to focus on the change, but they showed them how by incorporating the desired change into their own behavior and the way they carried out their formal roles. They demonstrated how the "words" of the change process get translated into action and artifacts.

Developing Capabilities

Successful change leaders did not simply command strategic change; they worked to put in place organizational designs, or architectures, to facilitate the changes. This was not limited to a changed structure; rather, successful change leaders understand that new capabilities demand new work processes, new management processes, and new human resource approaches. They sponsored the initiatives to put these in place, built objectives around the effectiveness of these initiatives, and personally took an interest in making sure these new processes and systems were

successful. They also ensured that the organization has access to development resources such as training opportunities, team and organization development support, and learning interventions. Articulating a new business model, providing the framework and support for each unit to incorporate it, and sponsoring changes in the planning processes of the organization that embody the new understanding of the organization are examples of leadership measures that set up a ripple of learning throughout the organization.

Sense-Making

Leaders have to help organizational members make sense out of a turbulent and dynamic context. Strategic change is multi-faceted, involving simultaneous change to many aspects of the organizational system including market and financial approaches, technology advances, and organizational innovations. There are generally many concurrent initiatives that each work to build a new capability and/or to transform different aspects of the system so they are mutually supportive of new approaches. These initiatives may be experienced by organizational members as unrelated and in some cases contradictory activities. Employees may try to create meaning around each in isolation. For example, Global Solutions was simultaneously putting in place common processes to enable integration across locations and establishing metrics for each of the development teams in order to clarify accountabilities and track a complex set of related activities. Organizational members focusing on the process development initiatives might interpret the essence of the change to be about uniformity and central control. Those focusing on the team level metrics might believe the meaning of the change was to encourage each unit to optimize its own performance and not worry about the larger system. As teams were asked to develop a plan for how they could best contribute to an integrated system, a new meaning emerged relating to optimizing the contribution of a unit to the larger system. A key job of the

leader is to help the members make sense of what may seem to be a stream of seemingly contradictory and certainly diverse set of changes and initiatives that are intended in total to gradually change the character of the system.

Defining the New Employment Relationship

Fundamental change in organizational design results in a change of the employment relationship—the expectations the organization has of its employees and what the employees can expect from the company. In today's world of increasing competitive pressures, change, and complexity, most strategic change requires employees to deal with more complexity and uncertainty. People move beyond their comfortable world of internalized routines and expertise, and return to a learning mode. People are no longer being asked to assume a role in an organization with clear expectations and success criteria; rather, they are being asked to help shape an organization, and are being provided with general and sometimes ambiguous expectations and emerging criteria. In Global Solutions, for example, employees were being asked to deal with a far more complex set of activities and outcomes, to be flexible about work hours in order to work interdependently with people in many different time zones, to exert time and energy overcoming barriers to coordination and communication across cultures, and to be willing to travel and possibly carry out work assignments abroad.

Given these fundamental changes in the demands on employees, organizational leaders need to be very intentional about defining these new expectations and also clarifying what the employee can expect from the company. They need to rethink the inducements side of the employment contract--reward structures, career development opportunities, and other benefits that employees may experience as they contribute to the successful transformation of the company.

Leading Learning

Leadership behavior sends very powerful messages to employees about how to act and what is valued and expected in the changing organization. Leaders must themselves learn how to carry out their role in a different way, and how to be part of an organizational that is operating differently. Managers and team leaders at Global Solutions, for example, were learning the same new business model and global collaboration approaches and they were participating in the same learning activities as the rest of their unit members. The four leader responsibilities described above are ways in which the leader can contribute to and participate in the overall learning processes in the organization. Leaders both model and participate in the learning that must go on in the organization, and build the context for learning throughout the organization.

Coaching the Leader

A key role of the change consultant is to coach the change leaders of the organization. The change consultant can help set up discrete initiatives such as visioning sessions, team development and large group design sessions, the crafting of a business model, or survey-based assessment and feedback activities. But learning during transition cannot be partitioned into a series of consultant initiated interventions. Learning has to permeate the system. This can only happen if the leader understands how learning happens and the dynamics that need to be encouraged, and adopts the leadership activities that can catalyze the learning system.

Leaders learn in the same way as all members of the organization: through dialogue, meaning creation, experience, self-design, and through developing a more complete and systemic understanding of the system that they are leading and the context in which it needs to operate. The relationship between the learning capacity of the organization and the ability of leaders to implement strategies that enable to organization to stay on the front edge of change is intuitively

obvious. Yet it is not easy to get leaders to focus on the dynamics of change and learning and to be intentional about developing a learning context. Business schools and management development programs do not typically teach these leadership skills.

Effective change consultants need to help the leaders of the organization develop mental models of the learning dynamics in their organization, and provide coaching and feedback to leaders about how their behavior affects the capacity of the organization to learn. Consultants should provide practical approaches to help the leader embed learning in the work and the business processes of the organization as well as to develop leadership practices that model and encourage learning. Leaders can be catalysts for learning or they can stifle learning and unwittingly reinforce the status quo. They can establish dynamics where organizational members are helping to define and reach the future state, or they can create a context where employees do what they are told.

CONCLUSION

Based on longitudinal research in ten companies going through an extensive change in their business model and organizational design, this chapter has described the learning processes that can enable accelerated organizational transformation. Understanding these learning dynamics has clear implications for change consultants. In order to help organizations go through successful transformations, consultants must begin to see learning as the essence of change, and their role as helping the company, its various units, and the individuals who constitute it to incorporate learning practices into their routines.

Models of change management have traditionally focused on overcoming resistance to change, and stage models of unfreezing the status quo, transitioning, and institutionalizing a new state (e.g., Beckhard & Harris, 1977; Tichy, 1983). In today's dynamic world, organizational

transitions entail the formation of new, dynamic form of organization that will require ongoing learning and transformation. It is no longer adequate for consultants to see their role as helping an organization go through a major change. Rather, they need to see the challenge of change as building the learning capabilities of the organization during the course of an iterative and ongoing series of change initiatives and redesign activities. This requires the building of learning dynamics throughout the organization, and helping leaders throughout the organization understand and enact their role in a learning system. Change unfolds through learning. Any particular change creates a temporary state, one that will once again be altered as the organization learns to be more effective in an environment that is also changing.

Consultant led organizational design processes and interventions help shape the context for the changes that are required to perform effectively in a changed environment. However, it is through the ongoing learning activities throughout the organization that new meanings are developed to underpin the new practices and interactions that have to be shaped and reshaped through ongoing self-design throughout the organization. Viewing organizational transformation in this manner can increase consultants' effectiveness in working with leaders, design teams, and the myriad of business units, teams, and individuals who must cope with unrelenting change at that the same time that they must be agents of change and help create the future.

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