

ORGANIZATION DEVELOPMENT IN VISIONARY ORGANIZATIONS FOR LONG TERM PLANNING AND SUSTAINABILITY

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ABSTRACT

Introduction: The early roots of Organizational Development enlisted the support and knowledge of Human Relations resources for its first applications, focusing on individual and group efficiencies and productivity, especially at those levels. More recently, OD has incorporated an applications approach that concentrates on the organizational level, taking into consideration emphasis on the strategic dimension, as well as cultural and technostructural impacts, among others.

Motivation: The result of this shift in organizational level emphasis is that it becomes a task-related issue that involves the increased participation of top level management, not just in the planning and decision-making stages, but in the implementation as well.

Problem statement: This emphasis on top-level management involvement requires a more visionary approach on a long term basis, that includes looking at what future organizations will look like and need to change about themselves. This may be difficult in most cases, where management has to look at itself more objectively, rather than just “pass the baton” or delegate to lower level authority in the organization.

Approach: Organizational development concepts and interventions, must be evaluated and designed, to help organizations transition more efficiently and successfully, in order to reach the next, more complex and mature level of operation and growth. To do this, they must envision what the organizations of the future will look like.

Results: The projected result for enterprises who take a more visionary approach should translate into companies that think more strategically, promote more integrated and systematic processes, become more culturally and technologically oriented, and emphasize healthy workplaces and environments, as well as knowledge management and learning environments. These companies will be more environmentally conscious and concerned about sustainability issues.

Conclusions: By closer evaluation of this situation, the objective is to create a model for both start-up and growth organizations, that serves as a more clearly defined roadmap to considering the next steps in the business life cycle of the firm, thereby ensuring a greater chance of successful growth, survival and sustainability.

SHAPING TOMORROW’S ORGANIZATION

Peter Drucker, in his article “Toward the New Organization”, discusses some of the forces that impact the shaping of future organizations, emphasizing the effect of factors such as globalization, outsourcing, and entrepreneurship. He addresses the trend (since 1860) toward becoming a society of employees in large organizations. This trend continued until it peaked

after World War II. It was a basic premise in President Lyndon Johnson's Great Society, which never was realized. Since the 1960s, that trend toward employment in large corporations has changed, impacted greatly by some of the factors mentioned above (globalization, outsourcing, entrepreneurship, etc.).

The trend shifted, moving from an employee society, to a network-driven society, as evidenced in the 1980s by John Nesbitt's "Megatrends". The trouble is that many people saw Megatrends as a focus on new marketing and "pyramid schemes", and missed the effect of what was really happening in the labor market. There was a shift from an ownership emphasis to a more relationship emphasis in employment, resulting in less command and control between management, supervisors, and employees. Relationships now are usually based more on common objectives, policies, and strategies between the parties in the work chain, resulting in more teamwork and persuasion. Also, relationships are not permanent, a very important factor in current employment dynamics. The Medici Bank, as an example, was one of the first major employers in the world where there was common ownership of objectives within an organization, between management and employees. This becomes more complex in today's world, especially in transnational companies, which have more global competition and strategies. Along with change in processes and cultural factors, the definition of an organization is changing. Companies today are defined by the difference in work groups (e.g., General Motors Corporation, General Electric, military units, etc.). Their purpose today is to get results from outside the organization, such as market share or position, compared to older organizations that focused on internal objectives such as productivity and efficiencies with their workforce. The new organization now has:

- 1) Economic purpose (create jobs, add value, etc.)
- 2) Social purpose (emphasis on people and quality of life)
- 3) Emphasis on values

In "Preparing for Organizational Change", Champy emphasizes that organizational change is a journey that never ends. As they travel through that journey, both management and workers need to learn to anticipate and prepare for whatever lies ahead. Their focus should be expanded to include more than single objectives; instead on complex objectives that have more linkage to organizational objectives. Types of changes, such as reengineering and restructuring often result in reinventing the whole company, rather than just the process. Examples of this type of impact during reinvention or reengineering efforts might be:

- 1) Breakdowns at the top (resulting in change driven at the top)
- 2) Changing scope (major risk factors)
- 3) System complexities (must be integrated and linked)
- 4) Everything changes (cultural and systemic impacts)
- 5) Communication (taking communication to the working level)
- 6) Fear and cynicism (the resistance factor)

One of the more recent and significant factors in projecting change for organizations of the future involves how generational shifts will transfer organizational life. There are significant transitions currently occurring, namely:

- 1) A generation of Baby Boomers are entering executive suites
- 2) Baby Busters, or Generation X, includes front-line managers.

The significance of this is that the concept of “boss” has lost its meaning: the emphasis instead, is on peer leadership. Another phenomena is that, increasingly, men have accepted women as bosses.

Today’s workplace generations include three generations:

- 1) The Silent Generation (born 1925-1942), which was not involved in the war, and experienced large divorce rates.
- 2) Baby Boomers (born 1943-1960). Which is both affluent and individualistic.
- 3) Baby Busters (born 1961-1981), which are pragmatic, and resulted in drops in birth rates.

Generation distinctions impact the way people want to be managed. The trend is towards less formal authority. Generation differences seem to have more impact on work relationships than age does. The new employee population no longer has command generations as a model. Baby Boomers have witnessed failed authority. They have been raised to be more independent (the Dr. Spock effect). The contraceptive pill gave women more of a sense of autonomy and control. Generation X people were raised to question and challenge authority; they create shared or team-based leaderships. Typically, Busters are determined and hard-workers. At the same time, they value personal time, i.e., a trade-off of free time. The result is dual incomes, and increasing divorce rates. There is more emphasis on family life, and less identification to the organization. Likewise, the result of downsizing has reduced company loyalty, and draws workers to managers who create a sense of community.

Hammer, in “The soul of the New Organization” points out that the organization is more than a set of products and processes. It is a human society with culture, history, heroes and villains. The historical issue most firms now face – previously the supply of good workers never met the demand. The key to survival was not to make mistakes, a concept of modern risk management. The security factor tends to offset the challenge of entrepreneurship. Another factor is that the emphasis on customer focus in most organizations tends to offset security-related issues, resulting in companies becoming more reactive. As a result of these trends, large companies are now becoming more like small organizations. Their employees must now balance freedom and autonomy with modern-day professionalism that firms seek.

In their article “New Competencies for a New World”, Somerville and Mroz deal with why change causes managers to be uncomfortable. Few are willing to give up control. Organizations are slow to consider new ways to do business. Some of the emerging competencies that firms seek in their employees include:

- 1) Commit to a higher purpose
- 2) Instill responsible leadership
- 3) Encourage multi-disciplinary teaming
- 4) Forge organic partnerships through
 - Vertical integration
 - Strategic alliances
- 5) Promote knowledge networking
- 6) Foster global searches
- 7) Embrace change

What is mostly needed is to emphasize more exploration and innovation in firms.

WORKING AND ORGANIZING

The traditional perception of an organization's structure is normally illustrated in the form of a pyramid, summarizing roles, levels of authority and responsibilities. In "The Circular Organization", Hesselbein discusses how pyramid organizations (and boxes) are being replaced and redesigned. By removing people from boxes (and inherent job descriptions), people are being liberated, and their roles are being changed in a more dynamic way. In so doing, there is a new fluidity of the traditional organization structure that is released in several ways:

- 1) Organizations are becoming mission-focused; values-based; and demographics-driven
- 2) Top management must learn to lead people, not contain them
- 3) Management is viewed as a tool, not an end
- 4) Follow ship is a trust-built relationship

In expanding on these principles, Jack Welch, CEO of General Electric, discusses the "soul of the organization", alluding to a bubble chart made up of three circular systems to fire up the organization from the older pyramid shape structure. The three imperatives that remain with the new organization structure are:

- 1) Manage for the mission (mission needs to be stated and communicated)
- 2) Manage for innovation (seek new dimensions)
- 3) Manage for diversity (in order to optimize assets)

Jay Galbraith, in "The Reconfigurable Organization", states that change is a constant, and Leadership is the management of change. Management can often reduce the scope of change by designing reconfigurable organizations. Firms that compete without any competitive advantage have a more difficult challenge, having to develop:

- 1) The purpose of the organization (usually to execute its business strategies)
- 2) The strategy (which usually drives the type of organization that is needed)
- 3) Organization alignment (which is the key to sustainability)
- 4) Organization design(which must create competitive advantage and be reconfigurable)
- 5) The four statements above help to create increased value and organizational response

Reconfigurable organizations must possess three capabilities:

- 1) Teams can be formed across organizational departments (cross-functionality)
- 2) Internal information(Prices, markets, etc.) can be used to coordinate complexities
- 3) Partnerships can be formed to secure capabilities the firm does not have

Cross functional teams can be built around products and processes. Marketing, financial, and information systems can be shared to achieve the objective. Information systems and goal-setting policies should be established. Human relations policies must be aligned to fit the strategies (in a cross-functional sense). In these types of organizations, people should be recruited for the organization, not the specific job. Training is a continuous requirement of cross-functional organizations, and reward systems must be flexible as well. In these organizations, the appraisal process is moving from boss-like approval to a more team-based system. 360 degree feedback models are more prevalent, and there is less ranking of people within a discipline, compared to organization-based ranking. The functional unit remains, but is modified and more flexible. Technical expertise remains in organizations, but must be separated from teams and SBUs.

In "Creating a Leadership Organization with a Learning Mission", Jones argues that Leadership Organizations are made, not born. Their challenge is to put collective innovative talent together

in a cohesive form in a model to define the type of organization involved, in order to “walk the walk”. Current focus is on learning-based leadership organizations. The formula for Leadership examples includes:

- 1) Honor the integrity of a dream and the related instincts
- 2) Develop an aptitude for attracting other risk-takers
- 3) Become both a student and a mentor: learn from your followers

Most learning organizations must keep history in mind; and let technology stimulate the educational process. They must emphasize both continuing and inter-disciplinary education. Finally, they must distinguish leadership from stewardship.

ORGANIZING IN A WIRED WORLD

Smith and Kelly, in “Human Capital in the Digital Economy”, argue that human capital is the asset that offers the most economic advantage to a firm. The three steps that must be maintain in any HR process includes:

1. Attracting the best (supported by compensation and recognition strategies)
2. Developing the best (training)
3. Retaining the best

In the attraction stage, there must be corporate candor (including the review process), recognition and compensation policies that balance new and existing employees, and employability capabilities.

In “Future Present” Harmon discusses how organizations of the future must emphasize the key things in what they do today, by stating that “the leadership challenge is to hasten the evolution by reinforcing direction of the company.” He states “the organization is a social invention of infinite capacity, flexibility and diversity. While in the past, most work organizations focused on expanding the productivity of individual labor, the key issue is the people’s ability to change their capacity to resist change, and their willingness to adapt to changes. The urgency of the task is usually built around the stress factors involved. The guideposts suggested to build around include:

- Direction away from authoritarianism
- Empowerment
- Rising expectations and standards
- Shrinking time and space (technoshrink) caused by technology

The key to dealing with these issues can be answered through these questions:

1. How well does the appraisal and promotion system match the existing values?
2. What policies promote empowerment and which ones limit it?
3. How well do our policies support the capacity and potential of technology to change the way we work?

ORGANIZING FOR STRATEGIC ADVANTAGE

In discussing the significance of “Restoring People to the Heart of the Organization of the Future”, Kanter states that we need to define the social contract of the future. It becomes tougher for management to guarantee jobs, and cross-functional trends make it tougher to even define jobs. There are six shifts of emphasis in designing organizations that affect these issues:

1. Organizations are going from fat to lean in their staffing

What's needed in the development phase is

- Induction and socialization (cultural learning curve)
- Working in teams (cross-functionality)
- Real-time feedback (more so than a formal process)
- Coaching
- Follow-up (accountability for both apprentice and master)

Finally, for retention to be effective, leadership must be credible; the organization must show character; and management must care for its employees. Human capital is built through organizational credibility.

2. They are moving from vertical to horizontal in new organization structures
3. The new workforce is reflecting a trend from homogeneity to diversity
4. We are seeing a change from status and command rights to expertise and relationships
5. A new loyalty is emerging from company to project alliance
6. Career assets are perceived as shifting from organizational capital to reputational capital

The result is a shift in emphasis from focus on security to competition for fewer jobs. There are renewed investments in people. Influenced to a large extent by technological changes, as well as outsourcing. Firms are revaluing human capital, focusing on core competencies and intellectual capital. There is an increased emphasis on knowledge and training, resulting in new skills. New motivational tools are promoted, including mission, control of agendas, learning, reputation, share of value creation. The shift is from fixed work assignments to flexible work assignments. Projects are emphasized more, and employees are encouraged to establish a sense of ownership.

The new social contract can be summarized as having the following characteristics:

- Recruit to increase competency
- Offer learning opportunities
- Provide challenging assignments
- Emphasize continuous improvement
- Team building
- Recognize achievements
- Personal time-outs; a balance between work and family
- Partner with customers and suppliers
- Portable benefits

In "Creating Sustainable Learning Opportunities for the 21st Century", Marshall relates that the spectrum of subjects have converged to an understanding of how human systems grow and learn. New learning allows us to re-conceptualize the discourse of learning and leadership. The organization must become a learning community to enhance its human capacity. The crisis in learning that now exists is:

1. There is a paradigm shift from machine-based clockwork orientation to an adaptive system perspective.
2. There is a paradigm shift from understanding the brain as a programmable computer, to understanding it as a dynamic natural neural network.

Clockwork organizations and schools take a Newtonian view of things being predictable, linear, and clockwork-like, creating a false conception of how the brain works. Today, we search for connectedness and meaning. This is the new learning covenant. Learning communities must be dynamic, adaptive, renewable. Leaders must focus on the firm's identity, information, and relationships.

Ulrich discusses the importance of "Organizing Around Capabilities", by emphasizing how firms are reframing their organizations from pyramid structures to network structures. This reflects mostly a shift in capabilities (what they do and how they do it), emphasizing capabilities that:

- Establish a shared mindset among all stakeholders
- Re-engage employees to think about what's in it for them
- Become boundary-less by focusing on the work to be done and the results
- Create a capacity for change with flexibility (avoid complacency)
- Emphasis by leadership toward ability to change and sustainability

In discussing how to "Match Strategy and Structure, Jay Galbraith starts by stating that strategy is the company's formula for winning, specifying the goals and objectives of the firm, as well as the values and mission, all with the purpose of providing superior value for competitive advantage. This determines what important activities are needed for organizational design. Structure, then, sets the framework for other organizational decisions. The trend is away from authoritarian styles and hierarchies. We now see more flatter structures and wider spans of control.

There are different dimensions of structure. Specialization reflects the trend toward less specialization in low to medium technology firms, and more job rotation. Shape, which is determined by the degree of horizontal structure, is a span of control issue, where the result is less supervision. Distribution of power reflects decentralization, usually driven by the need to be closer to the customer. Departmentalization usually occurs where the firm is functional and process driven, as well as product driven, market driven, or has geographical requirements. Organizations find that they must match the structure to meet the strategy, requiring more flexibility for change to meet those needs. As a result, hybrid organizations and lateral processes are often created.

ORGANIZATIONAL HEALTH AND LEADERSHIP

The future organization needs to develop a sense of Organizational Values in order to survive as a healthy organization in the long term. In his article "The Healthy Organization", (2006), Richard Beckard emphasizes the following organizational values:

- The organization must define itself as a system that transforms needs and materials into goods and services, with a value-added supply chain
- It has a strong sense for systems thinking, using current information
- It has a strong sense of purpose, managing to fulfill visions of the future
- It uses multiple structures, driven by purpose and objectives (describing the work to be done)
- It employs team management as the dominant mode
- It respects customer focus as a principle
- Management is information driven
- It allows decision-making at the closest level to the information and the customer
- It maintains open communication throughout the system

- Reward systems emphasize performance, improvement goals and individual performance
- The organization makes learning points a part of the decision-making process
- It encourages and recognizes innovation and creativity
- It respects tensions between work and family demands
- It promotes community citizenship, protecting the environment, and cultural influences
- It encourages safety, quality and efficiency in its operations
- It continuously identifies and manages change for a better future

Chris Argyris, in his article “The Next Challenge”, makes a point that organization defensive routines (ODR), however, hinder organization learning. ODRs are actions, policies, and practices that present people from experiencing embarrassment, or threat, and prevents them from learning and discovering. Individuals tend to create ODRs within their organizational cultures. Most people are programmed to deal with sensitivities in a kinder and protective way. Leadership principles are an example of ODR; they do not always address the real problem or issue. ODR influences rationale that results in counterproductive behavior. If organizations are going to develop a set of values that allow them to become a healthier organization, they must allow a culture or environment that offers room for learning from experience as well.

LEADING PEOPLE IN THE ORGANIZATION OF THE FUTURE

James Brocksmith Jr. deals with attributes essential to senior leaders, in his article “Passing the Baton: Preparing Tomorrows Leaders”. He lists these attributes as:

- Values: establish and champion values
- Vision: have the capacity to discover vision
- Perspective: personify the global leader
- Communication: provide high-impact messaging
- Strategy: think and act strategically
- Decisions: make informal decisions
- Knowledge: expand the knowledge base
- People: be a resource architect
- Self: know who you are

The above attributes are expanded on in other sections in this writing, both previously and subsequently to this section. Each attribute is worthy of a study in itself (beyond the scope of this article).

In “The Leader’s New World: Building Learning Organizations”, Senge reminds us that today organizations are still oriented towards controlling rather than learning. The emphasis is on right answers and avoiding mistakes, rather than curiosity and learning. In most corporations, emphasis is placed on performing for someone else’s approval. Senge discusses adaptive learning and generative learning, pointing out that current emphasis is on adaptability, whereas generative learning goes a step further, and gets into creating. He states that the leader’s new work is to design, teach, and promote stewardship, by developing skills that require vision and systematic thinking. They must build shared vision with the members of the organization, and promote systems thinking that create interrelationships, move beyond blame of errors, distinguish detail complexities from dynamic complexities, focus on high leverage areas, and avoid symptomatic solutions. The end result – create tension, which is the integrating principle between vision and GAP thinking.

PEAK PERFORMING ORGANIZATIONS OF THE FUTURE

The Southern California Center for Organizational Excellence (SCCOE) is an informal consortium of researchers and practitioners in the field of organizational development whose focus is to identify the future trends of OD, and apply them where practical, to firms and organizations that define Peak Performance as one of their objectives. They define Peak Performance by mapping the criteria as defined originally by the Malcom Balrige Award program, Tom Peter's "In Search of Excellence", and other research and academic organizations, and applying these concepts to specific companies and situations, in order to define more globally what peak performance means by industry and application.

Among the criteria that have been identified and promoted, include:

- An emphasis on Strategic Thinking
- Strategy-driven organizations that emphasize linkage, alignment and integrated systems
- Organizational Soul
- Learning Organizations
- Value –driven Organizations
- Sustainability, flexibility and adaptability

For the past few decades, most organizations sought to drive strategic thinking into their mind sets by espousing the concepts preached by Michael Porter on "Competitive Strategy". Quite often, however, many of these organizations fell short of accomplishing their objective due primarily to the fact that they spent all their time focused on developing strategies in order to compete, and failing to build and install the systems and resources in place that allowed them to implement their strategies. Especially entrepreneurial-oriented firms tried to move too quickly from the boardroom into the market without having their organizational resources in place to successfully compete in the market place. Their focus on near-term, quick-win type objectives overshadowed efforts to build resources for future needs.

Robert Kaplan and David Norton dealt with this issue in a series of books and studies that addressed several related topics dealing with developing the organizational resources necessary to compete as Porter envisioned. Their studies and ideas were published in books such as "The Strategy-Driven Organization", "Linkage and Alignment", "Strategy Maps", and "The Balanced Scorecard". These studies dealt with the other part of the planning process covering the tasks and resources organizations must develop in order to be competitive and strategically successful. One of the key themes emphasized in the coverage from this section is the importance of "Matching Strategy and Structure", as described by Jay Galbraith in his article earlier in this paper.

The Southern California Center for Organizational Excellence (SCCOE) continuously reviews and applies research on the subject of Organizational Excellence by incorporating the thoughts and ideas from sources that have been quoted in this writing, and applying them to real life situations. The focus of this effort is to define the criteria that firms need to face to become a peak performing organization, which we refer to as the "Organization of the Future". Frances Hesselbein, Marshall Goldsmith, and Richard Beckhard, collaborative editors with the Drucker Foundation, state that a healthy society requires successful and effective businesses as one of its elements. (1977) the mission of the social sector and its organizations is to change lives. The firm that survives as an entity must:

- Face up to the need for change
- Create uniqueness

- Create total customer responsiveness
- Encourage a capacity for innovation
- Achieve flexibility by empowering people
- Build systems that adapt to change
- Lead change at all organizational levels

If change is to be driven at all levels, it is necessary to:\

- Develop an inspiring vision
- Manage by example
- Practise visible management
- Pay attention by listening more
- Defer decisions closer to the customer
- Delegate authority
- Eliminate bureaucracy
- Create a sense of urgency

The challenge for future organizations requires visibility, strategic thinking, and an acceptance of the roles of all members of the organization.

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