Creating a Quantum Organization

The Whys & Hows of Implementing Eight Tracks for Long-Term Success

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Quantum Transformation for Organizations

Implementing Eight Tracks for Long-Term Success

As I have emphasized throughout my long academic career, any attempt to improve the functioning of an organization that ignores the context and all the interrelated dynamics that drive that entire complex problem will most likely fail. Yet, whenever senior executives are asked what can be done to transform their organization into a highly adaptive, market-driven, innovative, and competitive enterprise, their usual reply conveys that they are still waiting for a magical quick fix to come along. Most are not even aware of any alternatives to the quick fix. Nobody even knows what to call "it" other than a *non*-quick fix. Nonetheless, more than ever, we must now use a systematic, comprehensive, broad-based approach for achieving long-term organizational success in today's highly interconnected world: It is the only way to create – and maintain – high performance and satisfaction for all key internal and external stakeholders.

For the lack of a popular term, I refer to a non-quick fix for improving organizations as "a completely integrated program." It is made up of at least three major elements: (1) a holistic, three dimensional worldview, represented by the Complex Hologram, which can interrelate all the systems, processes, and people that together determine performance and satisfaction, short term and long term; (2) all the multifaceted methods that are included in the eight tracks – including instructional materials, assessment tools, experiential exercises, case studies, feedback sessions, and group discussions for transforming an organization's barriers to success into the fundamental channels for success; and (3) all the

ongoing, behind-the-scene logistics – from beginning to end – that enable the members to effectively resolve all their complex problem and conflicts.

The Five Steps of Problem Management

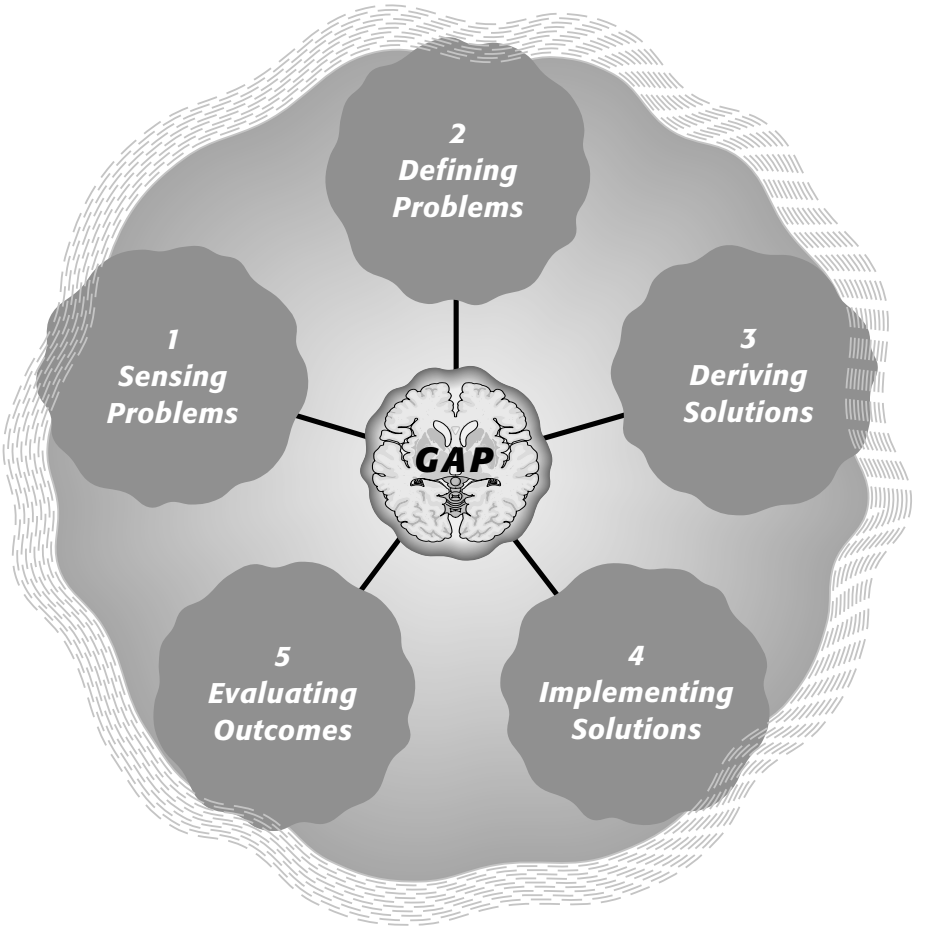
As members implement the completely integrated program, they often use the five steps of problem management whenever they experience a barrier to long-term organizational success.

As displayed on Figure 4.1, Step 1 in problem management is ***sensing the problem,*** which is identifying a GAP between "what is" and "what could or should be" that clearly exceeds a certain threshold of acceptability, which then initiates the formal cycle of problem management for one or more organizational members. Not surprisingly, the cost-effective goal for this endeavor is to resolve the problem (hence, close the identified GAP) in a single cycle of problem management, which indeed can be achieved if the members do not commit any of the classic errors in any of the five steps of problem management.

In Step 2 of problem management, members must investigate the root cause of the problem – often referred to as ***defining the problem***. Basically, members have to decide what exactly caused that GAP to appear in the first place. Naturally, it might take a number of diverse participants an extended period of time to uncover the cause (or causes) of the identified GAP, especially for a very complex problem that affects many internal and external stakeholders and thus involves different areas of expertise and varieties of experience.

Once the root causes of the GAP have been defined, Step 3 of problem management is ***deriving a solution*** that is expected to close that initial GAP. Some solutions, of course, are better than others in terms of how well they address the root causes of the problem in a cost-effective manner. But if the problem has been defined *incorrectly* during Step 2 of problem management, *then any* derived solution cannot possibly achieve its intended results, no matter how well that solution has been implemented.

Figure 4.1
The Five Steps of Problem Management



Step 4 is ***implementing the solution*** to the problem, which is hopefully based on up–to–date, valid assumptions about all key stakeholders, which includes valid assumptions about the best ways to create lasting improvement in any organization. But if implementing the solution is based on false assumptions about how members will (or won't) participate in the change process, implementation will fail – no matter how valid the definition of the problem and the quality of the derived solution.

Lastly, Step 5 of problem management involves ***evaluating outcomes:*** Did members close the GAP or did the GAP stay the same? Or did the GAP become even worse (larger)? Essentially, if the GAP that initiated the five steps of problem management did not close as a result of all the decisions and actions in the four prior steps, then an error was probably made somewhere along the way: (1) Perhaps the GAP didn't turn out to be as important as the members had anticipated, so they eventually lost interest in closing that GAP. (2) Perhaps the root causes of the problem were defined incorrectly, so no solution, no matter how carefully conceived or implemented, could possibly have closed the initial GAP. (3) Perhaps a solution was derived that didn't address the root causes of the problem. (4) Perhaps the derived solution was implemented in a manner that annoyed the membership, which then made the initial GAP even larger.

Nevertheless, if the members address each and every step in problem management without making any significant errors, they can then close the initial GAP in just one cycle of problem management. In the worst cases, by not understanding how to perform every step in problem management, the members will continue to go through the five steps, again and again, without success – which will only serve to increase their frustration and dash their hopes for ever closing the initial GAP.

Keep this in mind: ***Two errors in problem management are most damaging: defining problems (Step 2) and implementing solutions (Step 4).*** Essentially, if a problem is defined incorrectly at the beginning, everything else that follows is a big waste of time and resources. In addition, if a solution is not implemented effectively, that major error then negates everything that came before: Therefore, if an important problem is sensed, correctly defined, and then a viable solution is derived to close the GAP, all of that time and effort will be entirely wasted if the solution is not implemented effectively in the organization. Incidentally, the errors in sensing problems and evaluating outcomes tend to be either/or choices: either we address the problem or we don't; either we continue working on closing the gap or we move on

to something else. Moreover, even choosing a mediocre solution (instead of the very best solution) is not that crucial, so long as the problem has already been correctly defined: Indeed, a weak solution to an accurately defined problem is always much better than implementing any solution to a poorly defined problem.

Each of the eight tracks addresses one or more GAPS that require the members to regularly use the five steps of problem management, effectively and efficiently. Indeed, virtually every organization (before implementing the eight tracks) experiences a lively stream of culture–gaps, skills–gaps, team–gaps, strategy–structure gaps, reward system gaps, and process gaps, whereby the problem (the GAP) must be sensed, then root causes must be accurately defined, then quality solutions must be derived, then solutions must be implemented effectively, and, finally, outcomes must be evaluated accurately – to improve the performance and satisfaction of all key stakeholders.

Problem Management and Conflict Management

Every GAP in the organization (the difference between "what is" and "what could or should be") is likely to be experienced very differently by different organizational members, especially among those members who have received their education and training in different specializations (e.g., engineering, finance, marketing, medicine, law, information technology, and so forth). In addition, those diverse experts have been working in different specialized work units (functional areas in the organization) for months or even for years – which highly reinforces their vastly different experiences with culture–gaps, skills–gaps, team–gaps, strategy–structure gaps, reward system gaps, and process gaps. Essentially, ***every GAP in an organization generates conflict — a dialectic — in every step in problem management, since every expert from a different specialized subunit in the organization will, by design, experience organizational problems differently, as they make their way through the steps of sensing problems, defining problems, deriving solutions, implementing solutions, and evaluating outcomes.***

More specifically, when specialized experts begin to discuss whether a GAP needs to be investigated (Step 1), ***they experience conflict*** – precisely BECAUSE they have been purposely trained (conditioned) to focus on different aspects of their organization and its mission. When the members decide to move forward and thus devote time and effort for closing that identified GAP, ***they experience conflict*** – precisely BECAUSE they must now debate their very different proposed definitions of the root causes of the GAP, based on their different educational background, training, experience, and allegiance to a different specialized work unit in the organization.

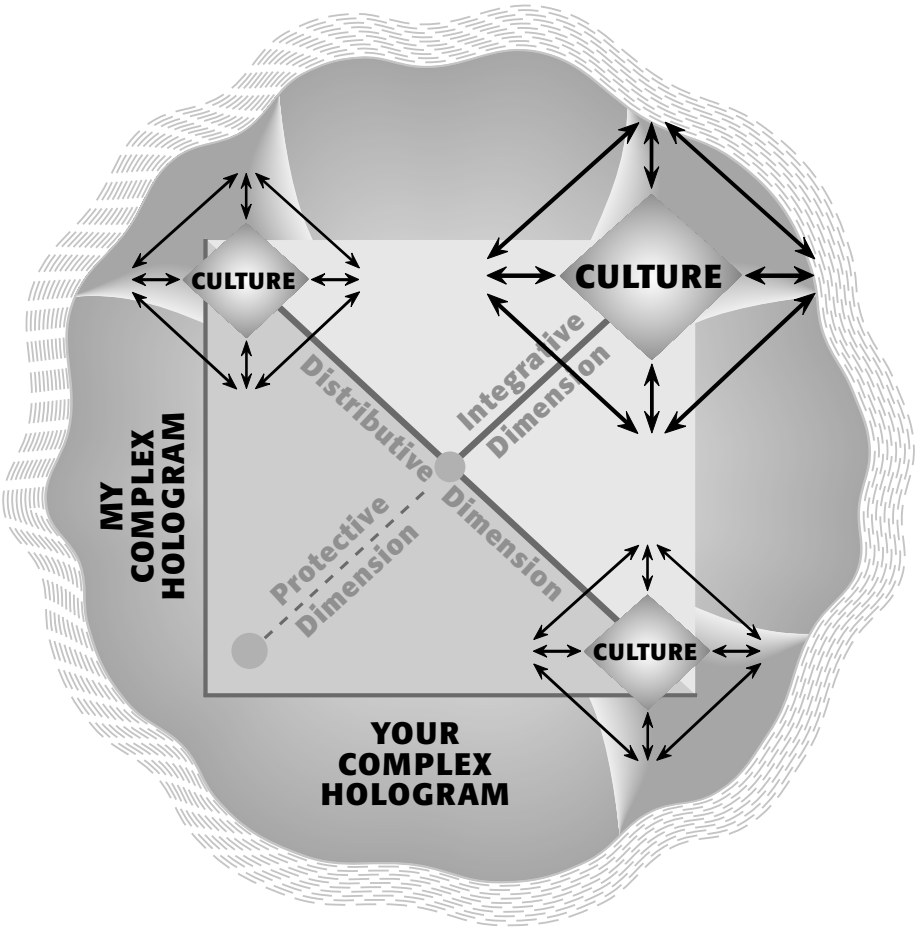
Let's say these diverse experts have agreed on a definition of the problem (its root causes). But when they now consider what solution to implement in order to close the GAP to that defined problem, ***they generate even more conflict*** – precisely BECAUSE each expert has been purposely trained to propose very different solutions for resolving organizational problem – primarily based on their specialized training and work experience (e.g., deriving financial solutions, marketing solutions, engineering solutions, technology solutions, and so forth).

Once these specialized experts have resolved their conflicts on what solution to implement, when they then have to decide on the process for implementing their solution, ***they experience additional conflict*** – precisely BECAUSE of their different views about how to bring about change and transformation in people, organizations, and for society as a whole.

And then, in Step 5 of problem management (i.e., evaluating outcomes), when the different experts have to decide (a) whether the initial GAP disappeared, stayed the same, or became worse, so they can then decide (b) whether they should continue their efforts to close the initial GAP on that same problem or if they should switch to investigating another, more important GAP on another problem, ***they once again experience conflict*** – precisely BECAUSE of their vastly different, ingrained perspectives on the impact of various GAPS on long–term organizational success. As such, problem management embraces conflict management.

Figure 4.2 shows the different approaches for resolving the many conflicts – the *dialectics* – that must be addressed whenever specialized experts attempt to manage organizational problems through the perceptual lens of the Complex Hologram.

Figure 4.2
Managing Conflict for the Complex Hologram



Indeed, making good use of the TKI Conflict Model, we can see that one expert's perspective (their *thesis)* on how to identify and close the GAPS that emerge on the Complex Hologram can

be placed at the upper–left corner on the distributive dimension. Meanwhile, another expert's completely different perspective (an *anti-thesis*) on how to identify and close the numerous GAPS that emerge from the Complex Hologram can then be placed at the lower–right corner on the distributive dimension. By using a combination of competing, accommodating, and compromising, perhaps these two experts can eventually choose one approach over another (i.e., one person wins the argument, while the other person accommodates) or perhaps the two of them can find a practical way to "split their differences" and thereby arrive at a compromise solution.

However, in order to minimize those two most costly errors in problem management (defining problems and implementing solutions), I recommend using the collaborating mode on the integrative dimension for those two steps in the cycle – instead of using the three conflict modes on the distributive dimension. Conveniently, if the eight key attributes of the situation already support the effective application of the collaborating mode, then the diverse experts can integrate their *thesis* and *anti-thesis* to form a synergistic approach to the *dialectics* that emerge during those crucial steps of defining problems and implementing solutions. Incorporating the different expert perspectives into those two crucial steps would not only lead to a high–quality resolution for the benefit of all internal and external stakeholders (a resolution that includes and yet transcends the prior thesis and anti–thesis), but would also lead to satisfaction for all the experts themselves, since they would certainly enjoy seeing their unique perspective integrated into the definition of the problem and in their plans for implementing a viable solution.

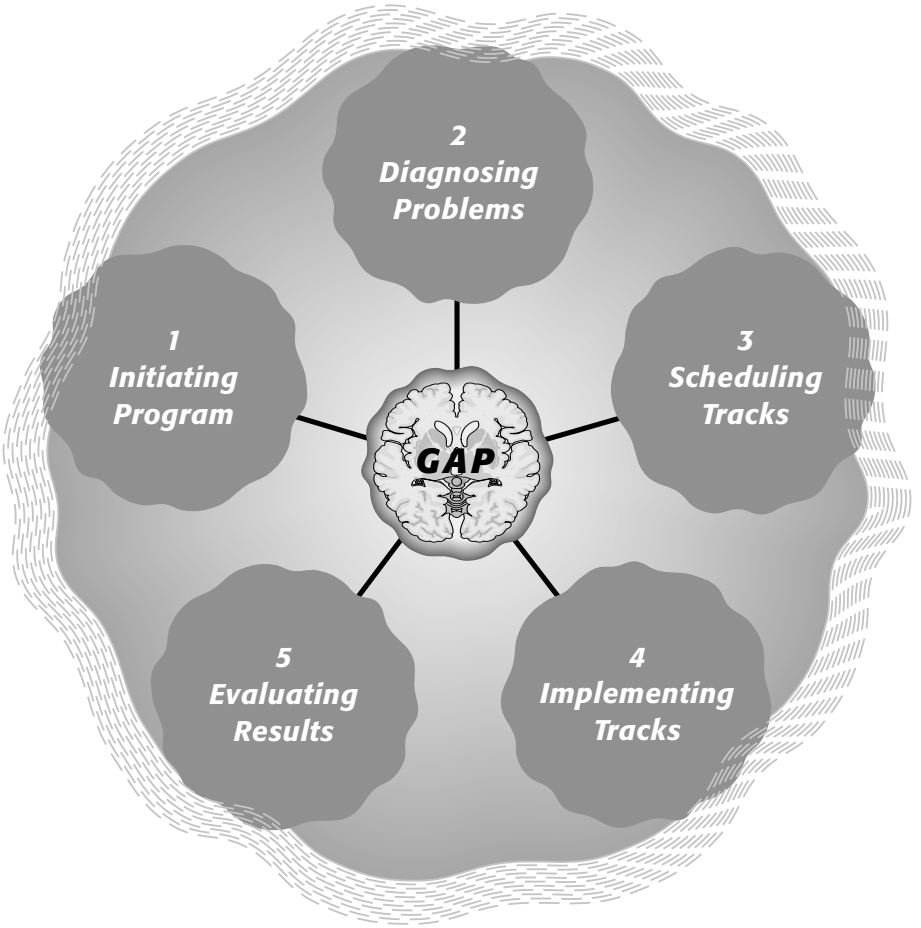
But there is an added benefit that materializes when using an integrated approach for not only defining problems but also for implementing solutions: It's more likely that the identified

GAPS in various systems and processes can be closed in just one cycle of problem management, which is shown by the symbolic image of the Complex Hologram that is placed on the top–right corner of the TKI Conflict Model. But if those two crucial steps of problem management (i.e., defining problems and implementing solutions) are discussed on the distributive dimension (because the eight key attributes of the current situation only support the use of competing, compromising, and accommodating, it's more likely that those specialized experts will go through repeat cycles of problem management – without success.

The Five Stages of Quantum Transformation

As shown in Figure 4.3, I find it especially informative to sort all the tasks and decisions for a completely integrated program into ***five stages of quantum transformation, which correspond to the five steps of problem management. To be successful, all change initiatives that strive to create and maintain long-term success must address each of the five stages in an effective and efficient manner***. Just as the five steps in problem management, movement from each stage in quantum transformation to the next stage should not occur until all the criteria for the earlier stages have been met. What is the danger in not following this principle? Any glossed–over stages will result in more difficulties later, such as one or more errors in problem management. Since most organizations have lagged behind the many revolutionary changes that have taken place in our fast–paced, interconnected global village, they usually conduct transformational change for the first cycle of the completely integrated program. During the next cycles of improvement, organizations conduct incremental change, since they will be able to keep up with all subsequent shifts in the expectations of all key stakeholders.

Figure 4.3
The Five Stages of Quantum Transformation



The remainder of this chapter will examine each of the five stages of quantum transformation in depth, which provides the basic framework for learning more about each track in its proper sequence, one chapter at a time. Once I've explored each of the eight tracks in Chapters 5 to 10 in this book, then in Chapter 11, I'll suggest how to expand the mind/body/spirit consciousness of members and then bring that expanded consciousness into the workplace – which is likely to be the futuristic direction for

human resource management, organizational development, and quantum transformation. Lastly, in Chapter 12, I will discuss the twenty critical success factors for quantum transformation.

By the way, the current chapter was given the same title as my online course: "Quantum Transformation for Organizations." That five–hour recorded course also includes several assessment tools that will enable participants to examine their influence and courage to transform a Newtonian organization into a quantum organization: The *Kilmann-Covin Organizational Influence Survey* and the Kilmann, O'Hara, and Strauss *Organizational Courage Assessment*.

Stage 1: Initiating the Program

The main concern during the "initiation" stage is whether the essential preconditions are present for a successful improvement effort. Four questions must be answered in the affirmative before the second stage (diagnosing problems) proceeds. The following questions pertain to the "critical mass" of senior executives of the organization who are deciding whether they should implement the completely integrated program:

1. Do senior executives understand (a) the various systems and processes that are depicted in the Complex Hologram, (b) the five stages of quantum transformation, (c) the sequence of eight tracks, and (d) what it takes — logistically — to coordinate such a large-scale effort, while, at the same time, still getting all the organization's other work done? It would be unrealistic to expect senior management to make a well–informed decision about whether to implement a completely integrated program of quantum transformation if they neither understand the concepts nor have the language to debate the major issues. If the program is to succeed, the executives must know beforehand exactly what it entails – alongside all their other corporate responsibilities.

2. Will senior executives fully commit to implementing the completely integrated program? Once the leaders know what to expect, the program's success requires their full commitment – in deed and not just in words. Despite their commitment to follow through on the entire program, senior executives often view the

change initiatives as being relevant to the *rest of the organization*, rather than being relevant for themselves. True commitment is evidenced when the "powers–that–be" openly acknowledge that they themselves are part of "the problem" and therefore need to change as well. Such an admission sets the best example for all the other members and thus encourages everyone to participate in a learning mode, which is essential for trying out new ways of managing people and problems, as well as transforming systems and processes.

3. Will senior executives lead the implementation process for the completely integrated program and will they accept full responsibility for the outcome? Although most change initiatives are led by staff units in the organization (i.e., human resources or organizational development), the completely integrated program for transformational change must be led by line management, preferably by senior management – and they must use their full authority to implement the program. With senior management behind the mission, the resources needed to conduct the entire program are more likely to be forthcoming. Moreover, with top management leading the charge, top priority will be assigned to implementing the completely integrated program in spite of all the pressures to focus on the organization's nagging, day–to–day, business problems.

4. Will the senior executives arrange for expert consultants to diagnose the organization's "barriers to success" (its GAPS)? While managers might believe they can diagnose the problems themselves, this is the one area in which it is imperative to get an objective reading of the organization's well–being and health (its barriers and channels for long–term success), which can only be performed by well–trained and experienced consultants who come from outside the organization. All the remaining stages of quantum transformation rely on the diagnosis for confirming (a) WHY the organization is implementing a completely integrated program and (b) WHAT instructional materials, assessment tools, experiential exercises, feedback sessions, and group discussions should take place in each track. ***If the diagnosis is simplistic, or,***

worse yet, inaccurate, all the remaining stages of quantum transformation — particularly scheduling and implementing the tracks — will be jeopardized.

Generally, one or two senior executives lead the search for suitable external consultants. These key managers are often the chief advocates of the improvement program and those who feel a special responsibility for its success. Indeed, implementation is helped immensely if these key managers also happen to be the senior executives. Having the formal authority of the hierarchy behind the completely integrated program – from beginning to end – helps ensure a successful outcome.

Stage 2: Diagnosing the Problems

When the senior executives and external consultants believe that all the conditions for success are present (which means that the program has been initiated properly), the diagnostic stage of quantum transformation can now proceed. Specifically, the goal is to develop a deep understanding of all the problems (barriers) in the organization and its opportunities (channels) for success.

I suggest that the organization use two methods to diagnose its barriers and channels for success: (1) a "preliminary diagnosis" based on members taking the Kilmann Organizational Conflict Instrument and (2) a "probing diagnosis" derived by conducting one–on–one, in–person (or virtual) diagnostic interviews with a representative sample of the membership from different levels, areas, and locations in the organization.

Preliminary Diagnostic Results with the KOCI

As we discussed in the previous chapter, Part 1 of the KOCI instrument assesses which particular systems and processes are interfering with members' performance and satisfaction. As you know, the systems and processes on the KOCI instrument were purposely chosen to correspond to the eight tracks of quantum transformation. Part 2 of the KOCI instrument measures which conflict modes are members using too much or too little, while addressing their systems conflicts in the organization.

If it is economically feasible, I suggest that every member in the group, department, or organization carefully respond to the KOCI instrument. Such a comprehensive survey of all relevant members will generate the most confidence that the ineffective systems in the organization have been diagnosed accurately and thoroughly. If the cost of the KOCI instrument is an issue, then a representative sampling of members from different parts of the organization will have to be sufficient. But I always emphasize to senior managers: Having all members involved in defining the organization's problems will likely motivate everyone to actively participate in a genuine, positive, and engaging manner during the subsequent implementation of the program. In contrast, if members are excluded from the process of uncovering the root causes of what is undermining long–term success (by *not* taking the KOCI instrument or *not* being interviewed by a consultant), that exclusion at the outset could then affect their subsequent participation in the next stages of quantum transformation: "Yes, they're now expecting me to participate in monthly workshop sessions, but why didn't they ask me to share *my* experiences of our organization's problems at the very start of this program?"

As discussed in the last chapter, the members' individual KOCI scores on Part I of the instrument can be averaged for the entire organization in order to identify the generic root causes of its identified barriers to success (i.e., culture, skills, teams, strategy-structures, reward systems, and process management). Moreover, member responses can be averaged separately for the organization's divisions, departments, and work groups as well as sorting the KOCI results into the vertical distinctions of senior management, middle management, supervisory personnel, and frontline employees – or using some other statistical breakdown of the KOCI results in order to decipher the relevant *patterns* of problems, GAPS, and barriers to long–term success.

Let's now consider the organization's results from Part 2 of the KOCI instrument: It's especially informative to discover if the membership is using certain conflict modes "too much" or "too little" when addressing their systems conflicts. More specifically,

as I discussed in Chapter 2, we can replace each box (subunit) on the organization chart with the TKI Conflict Model. And then, for each box on the chart, we can determine if there are significant differences in how frequently each of the five conflict modes is being used to address the most significant systems conflicts: (1) horizontally across different departments at the same level in the organization and (2) vertically (traveling down) the management hierarchy. For example, ***it's often good to know if the frontline employees are mostly using the avoiding and accommodating modes in response to their most debilitating systems conflicts, while the managers above them, because of their positions of formal authority, are able to enact the more assertive conflict modes (i.e., competing, collaborating, and compromising) for examining what can be done to resolve their most troublesome systems conflicts.***

Although much can be discovered when carefully examining the KOCI results for any organization (especially if most or all members have responded to the instrument), much more can be uncovered by subsequently conducting one–on–one, in–person diagnostic interviews with a sample of members throughout the organization. Indeed, from examining the KOCI results from Part 1 and Part 2 of the instrument, both horizontally and vertically across the organization chart, ***expert consultants can develop a list of probing, follow-up questions to ask members so a more interactive, collaborative, and in-depth understanding of the organization's systems, processes, and people can be achieved,*** as well as learning more about WHY and HOW various systems conflicts are currently being addressed (or are being suppressed) throughout the organization.

Probing Diagnostic Results from In-Person Interviews

After having analyzed and discussed the KOCI results from different organizational perspectives, expert consultants, with the aid of a few key managers, develop a plan to gather face–to–face diagnostic information from the members (in real and/or virtual meetings). The objective is to interview members at each level in

the hierarchy, and from each division and department, in order to obtain a representative sample of the organization. Everyone in the senior management group should be interviewed, simply because their views, and especially their commitment to change, are so important to the success of the program. If there are more than 5,000 employees in an organization, interviewing about 100 members should provide sufficient information to diagnose the organization's problems and opportunities (based on the "law of large numbers" through stratified random sampling). For smaller organizations, conducting between 25 to 50 interviews should be sufficient. Nevertheless, if the KOCI results are self–explanatory and fairly comprehensive already, then fewer members need to be interviewed. But if the KOCI results are inconsistent and/or incomplete in any way, then a larger number of interviews are needed to develop a more thorough and accurate understanding of the particular barriers to success that have been undermining performance and satisfaction in one subunit or another, let alone for the organization as a whole.

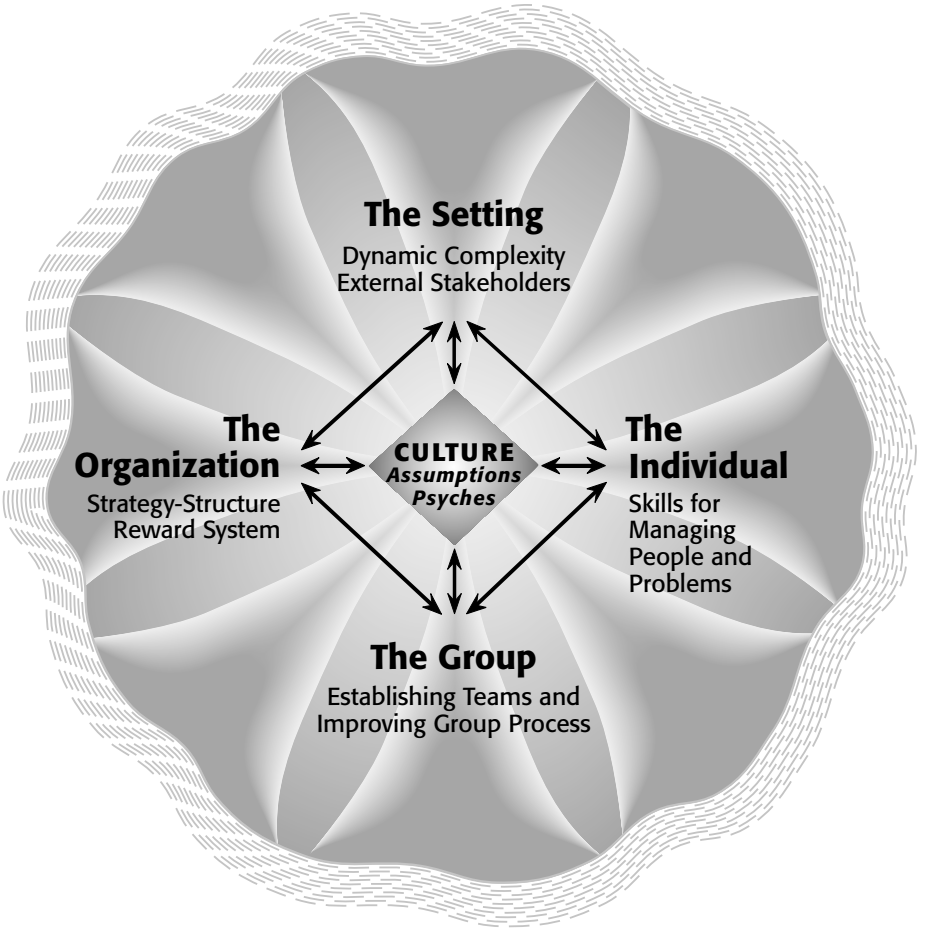
Each one–on–one, one–hour interview with a member begins with the external consultant briefly sharing the background and expectations of the meeting. The consultant lists the questions that will be asked and summarizes what will be done with the responses. The consultant takes the time to explain the purpose and principles of the five stages of quantum transformation and responds to any questions the interviewee may have about what to expect as the program unfolds. By openly expressing what the interviewee might be silently contemplating – and by sincerely responding to any concerns or questions – the consultant gives the interviewee the needed confidence and comfort to reveal the organization's problems.

Seeing All There Is to See in the Big Picture

It is essential to be absolutely clear about the worldview that is used as the lens for asking questions about the organization's systems and processes during those one–on–one interviews. For your convenience, Figure 4.4 shows organizational life through a

multidimensional lens. This model, which was first displayed in Figure 1.3 in Chapter 1, is used for diagnosing the full range of "barriers to success" and "channels for success."

Figure 4.4
The Complex Hologram — Seeing the Big Picture



I'll now share the primary inspiration for my developing the Complex Hologram. The design of this model gradually emerged through the process of interviewing hundreds of members in a great variety of organizations over a ten–year period (from 1972

to 1982), which was then published in my 1984 book: *Beyond the Quick Fix*. In those diagnostic interviews, members spoke of what organizational qualities facilitated their work and what qualities interfered. The facilitating qualities became known as "channels for success," while the identified roadblocks became known as "barriers to success." ***Later in the 1980s, the double arrows in between all the system NODES in the Complex Hologram were recognized as processes (business, management, and learning processes) that flow within and across all the organization's formal and informal systems.***

Decades later, the interrelated dynamics that are displayed in the Complex Hologram still beautifully capture the great variety of barriers and channels that reappear (again and again) while diagnosing organizations. Naturally, there are differences from one organization to another and from one continent to another; there always are some unique circumstance that moderates the extent and variety of these organizational qualities. Nevertheless, I must emphasize the uncanny pattern that has emerged in all the consulting work I have done for organizations: Rarely do I find that having all members learn new skills about complex problems will – by itself – solve the organization's performance problems. I have never encountered a case in any nation in the world in which only the corporate culture lagged behind and there already was an effective formal organization in place with everyone applying up-to-date skills. The "culture-gap problem" has *always* been associated with many other problems (GAPS) in the organization, group, and individual as well.

Incidentally, the KOCI results for the organization also tend to show the striking interrelationship of all those systems and processes. Rarely, if ever, do the results from a KOCI analysis show that members are being negatively affected by only one or two systems, while all the other features in the organization are "not at all" or "rarely" interfering with their performance and/or satisfaction. In most cases, members negatively experience many (if not all) of the systems and processes that are sorted into the eight tracks, *BECAUSE* the members are completely surrounded –

and thus deeply affected – by all those highly intertwined forces and forms.

Once the diagnostic interviews have been conducted (which also includes what was previously discovered from the KOCI results), the external consultants organize all their findings into the same categories on the Complex Hologram. Then the consultants recommend how implementing the eight tracks can remove all the identified barriers to success and transform them into channels for success.

A diagnostic report is presented first to the top managers (or whoever represents the "critical mass" of leaders who have the authority and the resources to implement the entire program of transformation). When these top managers have discussed and accepted the diagnostic results, it's time to share these findings with the entire membership. Naturally, it takes conviction for the top managers to be willing to present the diagnostic report, in its entirety, to the membership. But this desire to openly discuss the diagnostics findings is critical, for it demonstrates commitment to removing the identified barriers to long–term success.

Mobilizing the Shadow Track

Primary responsibility for managing the remaining stages of quantum transformation is neither delegated to the consultants nor assigned to any group in human resources or organizational development. Instead, a "shadow track" (running parallel to all eight tracks) is formed just after the decision is made to proceed with implementing the program: The dedicated members of the shadow track consist of senior executives and an equal number of members who represent all levels, areas, and locations in the organization – are selected by the senior management group. Knowing that the rest of the membership will judge the fairness of the selection process always seems to motivate the executives to develop a process that they can defend – easily, rationally, and publicly. The number of selected shadow trackers can vary from fifteen to twenty–five, depending on the size of the organization. Once formed, the members of the shadow track regularly meet

to monitor the impact of the program on the functioning of the organization and to create additional approaches for improving the implementation process.

The shadow track is also expected to keep in regular contact with the subunits they are representing. They develop and use a special–purpose information system – so attitudes, feelings, and any difficulties with the change program can surface. In this way, the shadow trackers (relying on the professional judgment of the consultants) has a basis for modifying its efforts to address the evolving needs, concerns, and problems of the organization.

Stage 3: Scheduling the Tracks

Let's further explore how the eight tracks can revitalize all the systems, processes, and people that affect long–term success, to clarify what each track does for the organization, and to explain why the tracks must be implemented in the prescribed sequence to bring about lasting change and continuous improvement.

Figure 4.5 displays the "Arc of Transformation" for sequencing all the change initiatives that conveniently sort into three major components of transformation: behavioral infrastructure, formal systems, and process management. As you can observe on the left–hand side of this illustration, the ***behavioral infrastructure*** of the organization must first be addressed in order to generate a healthy culture, critical thinking skills, and effective teamwork within and across all subunits in the organization. With such an adaptive behavioral infrastructure (also referred to as the *informal* organization), members would then be able to self–design their ***formal systems*** (strategy–structure and the reward system). As these formal systems are being revitalized – and fully aligned – for the future, members can also enhance their performance and satisfaction by gradually and radically improving the quality and speed of their business, management, and learning processes – known as ***process management.*** The three components that are shown on the Arc of Transformation, in sequence, can effectively close the various GAPS that were identified during the diagnostic stage of quantum transformation.

Figure 4.5
The Arc of Transformation — Three Components

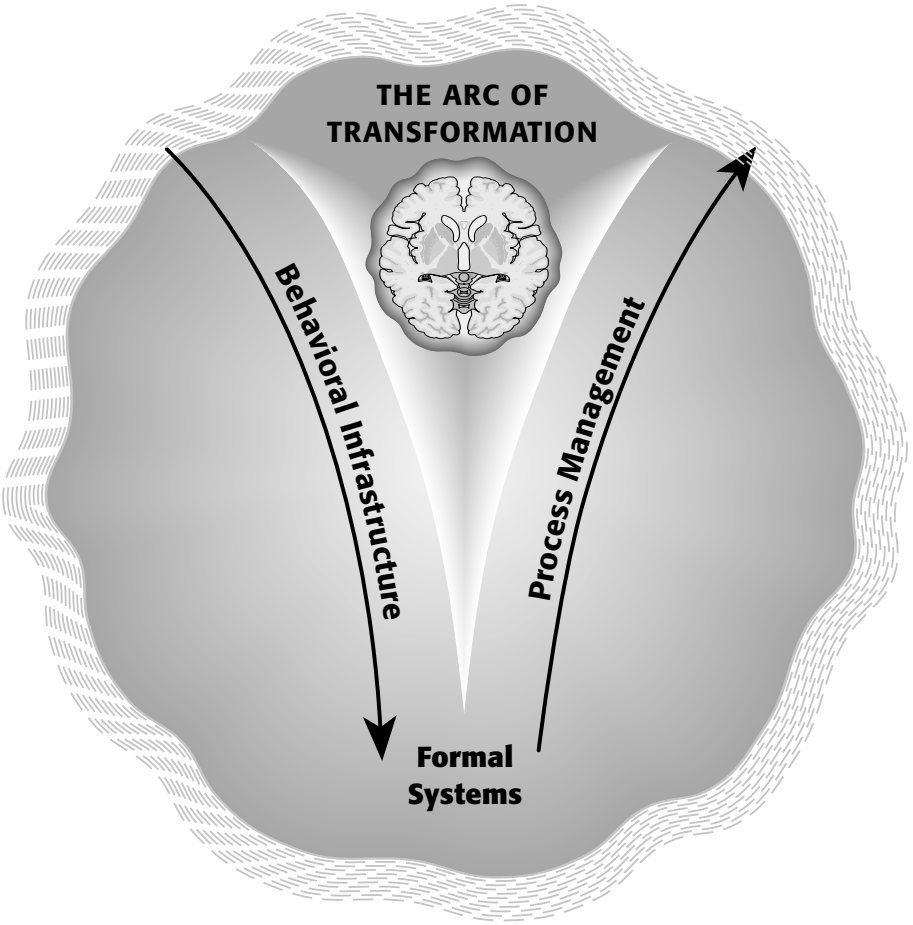
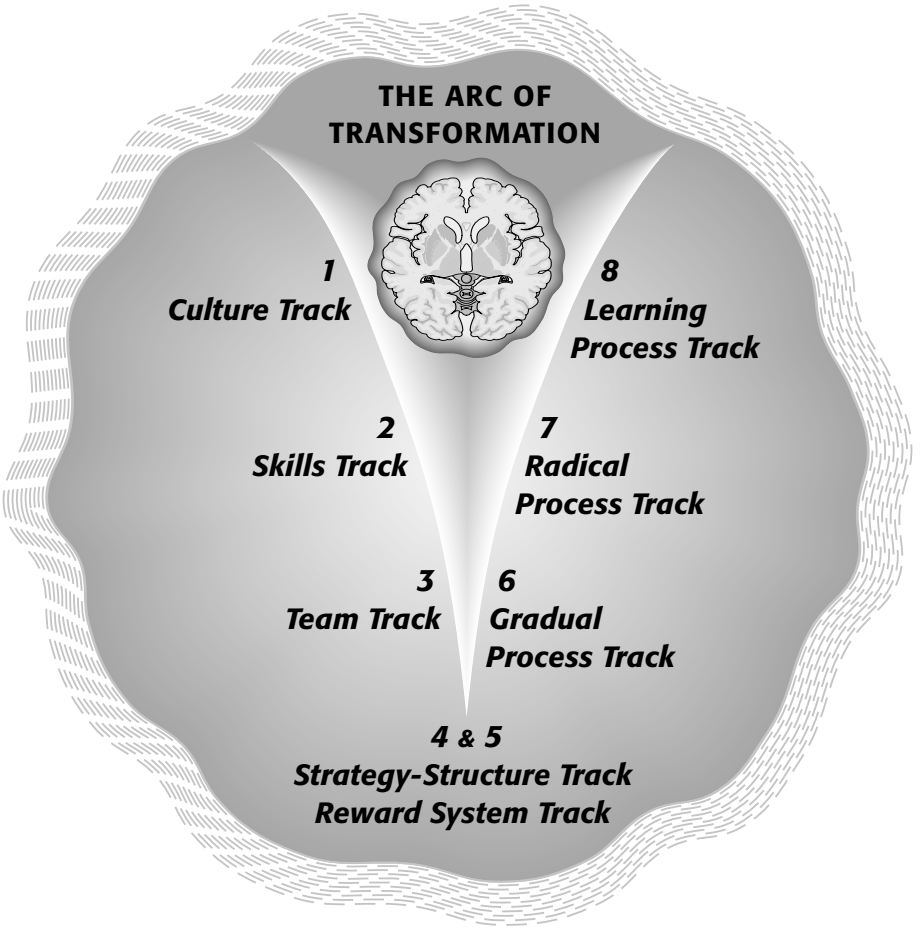


Figure 4.6 shows the sequence of eight tracks sorted into the three components of quantum transformation: The ***culture track*** establishes the trust, communication, information sharing, and willingness to change among members – the preconditions that must exist before any improvement effort can succeed. The ***skills track*** provides all members with improved ways of managing problems and conflicts. The ***team track*** infuses the new culture and enhanced skills into each work unit in the organization.

Figure 4.6
The Arc of Transformation — Eight Tracks



Building on an improved behavioral infrastructure from the first three tracks, the ***strategy-structure track*** develops either a completely new or a revised strategic plan – and then aligns all divisions, departments, work groups, jobs, and all resources with that new strategic direction. The ***reward system track*** develops a performance–based reward system that regularly appraises the new culture, the use of updated skills, and effective team efforts within and across all work units.

The ***gradual process track***, building on a healthy behavioral infrastructure and aligned formal systems, enables members to speed up and improve the quality of the key processes that flow *within* their work group. The ***radical process track***, also building on all the improvements from the prior tracks, enables members to design their work units around their most important business processes that currently flow *across* the preexisting work groups, so important decisions and actions will no longer fall between the cracks on the open space on the organizational chart. Lastly, the ***learning process track*** determines how the organization can dramatically improve the way that it acquires, stores, retrieves, shares, and uses knowledge, so it can do everything faster and better than it did before – which includes not only how it can speed up the next round of transformational change, but how the organization can also speed up and enhance the quality of its business and technical decisions.

This carefully developed sequence of eight tracks is the most important principle to understand and honor. As first presented in Chapter 1, while it might be tempting to try to improve things by first modifying the formal aspects of the organization (with the middle two tracks that are shown on the bottom of the Arc of Transformation), such an approach inevitably leads to failure: Changing the formal systems on paper (or on electronic files), for example, cannot result in behavioral change on the job – unless members are completely willing and able to change. But if there is mistrust, defensive communication, deficient problem–solving skills, and only superficial cooperation across departments, then formal systems and process management will remain off track.

Alternatively, by first proceeding to improve the behavioral infrastructure of the organization (via the first three tracks), the membership can develop the necessary culture, skills, and teamwork for effectively managing all its important business, technical, and organizational problems – including its formal systems. Even so, the first three tracks – by themselves – are not enough: If the formal systems (particularly the reward system) are not eventually redesigned to support the performance and

behavior that are essential for long–term success, any short–term improvements in the informal organization will soon fade away.

Choosing the Content of Workshop Materials

Scheduling the eight tracks involves two types of decisions: (1) determining the content of all the workshop materials that will be utilized in each track for organizational members and (2) arranging and managing the logistics by which the eight tracks will be conducted for all participants in the program – typically in one–day, monthly workshops (whether in person or in virtual meetings). The outcomes of these two scheduling decisions are guided by the diagnostic stage of quantum transformation and are made by the consultants and the shadow trackers (with the aid of organizational members who are skilled at planning large meetings and formal educational programs). Once the schedule has been outlined in as much detail as possible, the consultants and the shadow track will work together to apply it in the next stage – implementing the tracks. Many adjustments will be made as the improvement program unfolds – because of the changing circumstances, problems, and needs of the organization.

Regarding the content of what gets presented, examined, and discussed during each track in the program, the key issue here concerns how to make use of two different types of workshop materials for quantum transformation:

(1) How to select and use the already available presentation slides, assessment tools, experiential exercises, feedback sessions, and group discussions that can transform the ***typical barriers to success*** that almost all organizations experience into the typical channels for success that most organizations need to succeed in today's world. The materials for closing those typical GAPS in the functioning of all organizations are available for purchase in pdf files (for facilitators who have already received their certification in the completely integrated program): Kilmann, R. H., *Workbooks for Implementing the Tracks: Volumes I, II, and III.*

(2) How to develop and use the special instructional materials that are expected to remove the ***unique barriers to success*** that

were identified during the diagnostic interviews (and, therefore, cannot be resolved with the already available materials that only focus on the *typical* barriers to success that are common to most organizations today).

Incidentally, based on prior experience, roughly 80% of the barriers to success that are identified during the diagnostic stage tend to be common to most organizations (as in the case of the usual culture–gaps, skills–gaps, team–gaps, etc.). Meanwhile, the remaining 20% of the barriers to success are rather unique to the organization, which requires some specially designed materials in order to close those unique GAPS during the implementation stage of quantum transformation.

Essentially, all the instructional materials that are combined from (1) my previously published workbook materials (for those traditional GAPS in systems, processes, and people) and (2) any new, specially designed workshop materials (that are developed for the unique GAPS that were uncovered during the diagnostic interviews) are then sorted into the eight tracks and subdivided into one–day, monthly workshop sessions within each track. For some guidance on how much time to spend on the key topics in each workshop session, see: Kilmann, R. H., *Consultant Schedules for Implementing the Tracks: Volumes I, II, and III.*

Regarding the logistics involved in scheduling the program, a number of additional decisions must be made. Specifically: Who will be involved in each track? How many one–day workshops in each track should be scheduled? On what particular calendar day is each workshop scheduled to take place for each group of participants? See Kilmann, R. H., *Logistics Manual for Implementing the Tracks,* for all the logistical details involved in implementing the program of quantum transformation for tens, hundreds, or thousands of participants.

Now I'll provide some of the key principles for scheduling the tracks, although many modifications are usually necessary given what is learned about the organization and its members during the first two stages of quantum transformation: (1) initiating the program and (2) diagnosing the problems:

Scheduling the culture track and the skills track generally includes every work group in the entire organization. As might be expected, ensuring every member's involvement in workshop sessions is the only means to change something as ingrained as culture and the only way to learn new skills that the members are expected to use in the workplace. Since, in most cases, an open and trusting culture won't be evident in the organization for several months to come (at least not until the team track has begun), every work group is subdivided into *peer groups* for each workshop session during the first two tracks of the program. In virtually all cases, these peer groups are arranged by separating bosses from their subordinates, since this kind of arrangement provides the best opportunity for holding safe, open, candid, and forthright conversations – until the culture changes.

Scheduling the team track first involves reuniting the bosses with their direct reports in their intact work groups. This is the only way to make sure that all the new knowledge gained from the prior workshop sessions can be applied directly to the job – in the workplace – where it counts. If, however, the intact group (which includes the immediate boss) is brought together before the new cultural norms and skills have been internalized, almost everyone will fall back on their old practices (and will continue to play it safe). It does take a fair amount of time in a relatively safe environment for members to develop new skills for tackling very complex problems *before* they can be expected to approach emotionally charged work situations in new ways.

Scheduling the middle two tracks involves the formation of two separate task forces of about fifteen to twenty–five members each, referred to as a Problem Management Organization (PMO). ***One PMO is established to address the strategy-structure gaps that were identified during the diagnostic stage of quantum transformation, while another PMO is established to address the reward system gaps.*** The members selected for these special missions not only represent all levels, areas, and locations in the organization, but they also have demonstrated leadership during the prior tracks. (The shadow track develops and then manages

the process for selecting the participants for these middle two tracks of the program.) Following their deliberations, those two PMOs present their recommendations to senior management for revitalizing – and aligning – the organization's strategy–structure and reward system. Later, those two PMOs play a leadership role in helping to implement the recommended changes.

Scheduling the gradual process track is done much like the team track: intact work groups, with both bosses and members together, learn how to describe, control, and improve processes within their subunit, since this is the best way to learn the tools of process management and then practice using those tools on short process chains – since these business processes flow *within* the subunit itself as compared to the longer and more complex process chains that flow *across* subunit boundaries.

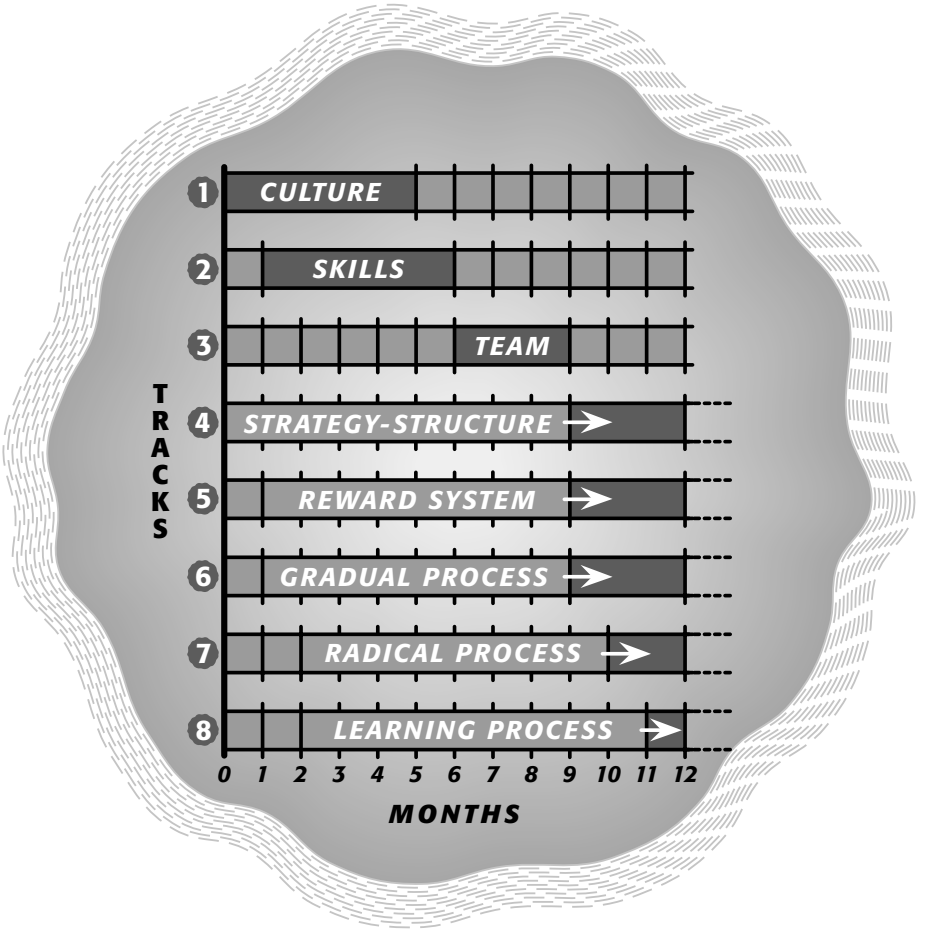
Scheduling the radical process track proceeds much like the middle two tracks, whereby the shadow track carefully selects about fifteen to twenty–five participants who represent all areas, levels, and locations in the organization to form another PMO, since describing, controlling, and continually improving cross–boundary processes is an especially complex problem that needs the wisdom and knowledge of diverse experts – once an effective behavioral infrastructure along with revitalized formal systems have been established throughout the organization.

Last but not least, ***scheduling the learning process track*** also involves forming another PMO of fifteen to twenty–five diverse members, since describing, controlling, and improving how the organization collects, stores, retrieves, and uses knowledge is a most complex and far–reaching problem. ***This additional PMO addresses how the organization can improve both the speed and quality of its learning processes, which directly builds on all the system-wide improvements that were achieved during the prior tracks in the program.***

Figure 4.7 displays a rough timeline – as one example only – for scheduling the complete program of eight tracks of quantum transformation. Employing the metaphor of railroad tracks, this figure illustrates a time schedule that is reasonably accurate for

the first three tracks (for the behavioral infrastructure). The times for the subsequent tracks, however, are more difficult to predict since they are very complex problems (i.e., the transformation of formal systems and process management) that are significantly affected by the changing expectations of external stakeholders.

Figure 4.7
Scheduling the Eight Tracks on a Timeline



As displayed on this figure, the horizontal bar for each track represents a series of ongoing off–site meetings (held in one–day workshops) and on–site meetings (held at the workplace) that are arranged to pursue the topic in question. As can be seen, a track does not have to be completed before the next track can begin. In most cases, the first two tracks are conducted via alternating sessions, since a healthy culture is necessary to learn new skills – and vice versa. The team track should not begin, however, until the first two tracks have accomplished their purposes. For similar reasons, the middle two tracks (the formal systems) and the last three tracks (improving processes) should not be initiated until sufficient members throughout the organization enact the new cultural norms and apply their updated skills effectively – both within and across all work units.

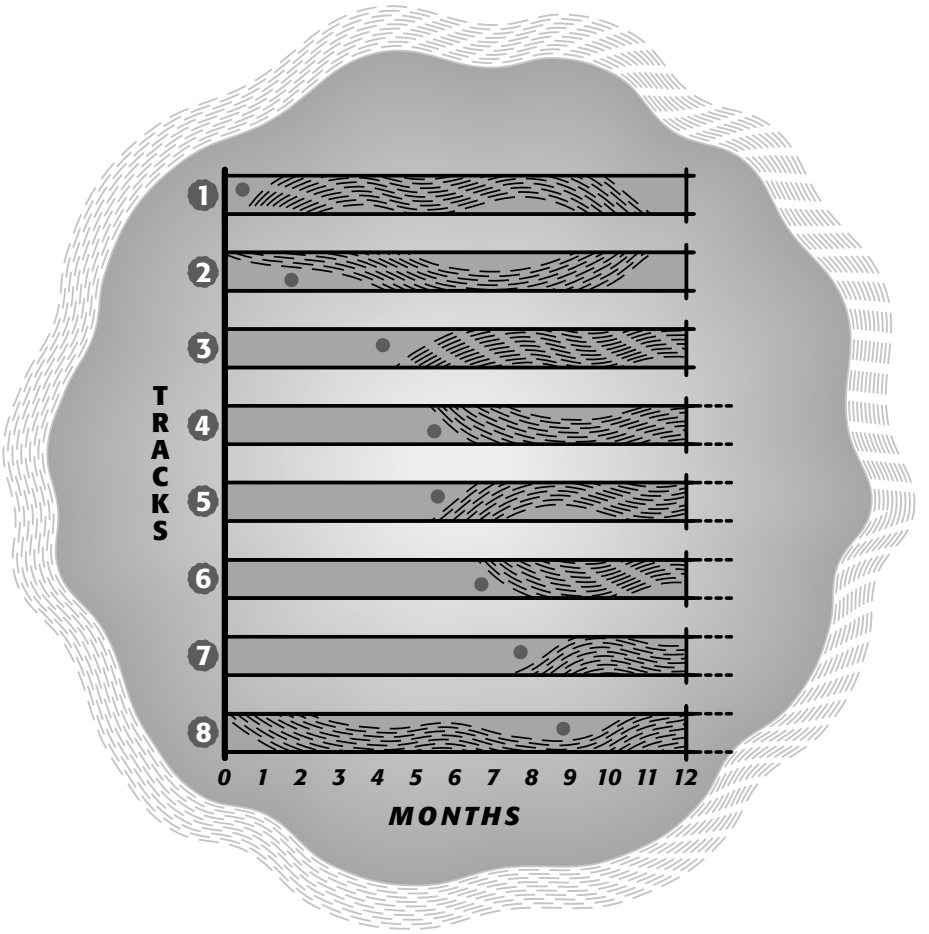
Stage 4: Implementing the Tracks

It is rather easy to schedule the eight tracks in a neat, logical, and linear way. Such an elegant schedule, however, never takes place as planned: There are always surprises. Human nature and living systems do not follow a predictable path.

A core challenge throughout implementation, therefore, is flexibility. As the schedule of tracks is being implemented, the shadow trackers and consultants look for cues, take suggestions, and, in short, adapt. For example, special requests will be made for various feedback sessions, staff meetings, additional culture workshops, more skills development, and so on. In each case, the consultants and the shadow track must consider the request and respond according to their best sense of what will work in the given situation. Sometimes requests may be turned down, but the reasons should always be stated. At other times, the requests may be acted upon – but in a fashion that is very different from what was first suggested.

The railroad track metaphor that I applied for scheduling the tracks might appear much too precise or structured for quantum transformation. But, as illustrated in Figure 4.8, ***the tracks should be considered as quantum channels through which all change initiatives and workshop sessions take place, with considerable flexibility and ongoing responsiveness to the members who are actively participating in the program.***

Figure 4.8
The Eight Tracks as Quantum Channels



By far, the most enjoyable aspect of the implementation stage is seeing actual changes and improvements take hold. Initially, everyone is a little leery of what to expect and somewhat unsure as to whether the organization has the ability to change. But as early successes are achieved and observed, confidence develops, and this inspires an even greater effort at improvement. This is not to say that the path will be smooth and without challenges. Week by week, some things will get a lot worse before they get better. When an event seems to reinforce the traditional ways or attitudes of the past, it's easy to be discouraged and believe that nothing has changed.

These fluctuations in perceived accomplishments and moods highlight the importance of setting realistic expectations in the beginning – what should happen and when – and making sure that impatience doesn't raise expectations to unattainable levels. Disappointment and frustration result when expectations are out of line with reality, which can later affect member confidence to continue learning, changing, and improving. ***Expectations must be managed proactively — and very mindfully — throughout the completely integrated program.***

A nagging issue that always surfaces during implementation is whether members will take personal responsibility for change. Even after having participated in several workshop sessions on culture and skills, members keep waiting for something different to occur: "My manager still doesn't keep me informed of what's going on in the company." "The other groups still don't cooperate with us." "My subordinates still don't finish their work on time." "When will this organization change?"

The key distinction between Internal Control and External Control is exceedingly useful in challenging all participants to look at themselves — rather than point their fingers at others (Rotter). *External Control* is evident when individuals believe that what happens to them is caused by external forces (luck, politics, fate, other people's behavior). *Internal Control* is apparent when a

person believes that what happens to them is caused by what they do or do not do (*their* decisions, attitudes, and behavior). Naturally, Internal Control helps members take responsibility for change; External Control shifts the attention elsewhere.

Who *is* the source of quantum transformation? Discussions of this question translate into action when they are supplemented by this simple exercise, repeated as often as necessary: First, each member lists all those things that they did differently since the improvement program began. Then each member shares their list with the other members in their group. Next, each member asks their associates if they have witnessed what's being claimed. If the others have *not* observed the claimed changes, the member must now fulfill their noble intentions: to demonstrate Internal Control and personal responsibility for organizational change. Gradually, members begin to talk about their experiences in a different way from before: "I've convinced my bosses that I can do a better job if I know more about *their* priorities." "I've spent time getting to know the people in *other* groups." "I now explain to my subordinates the reasons *why* I need something done on a given date." "This organization is really changing!"

After a number of months go by, it becomes more and more obvious that the members have learned – and internalized – the desired behavior. Now the new behavior is being applied much more naturally. At a particular point – sometime during the team track when the new culture and skills become internalized – the hump is crossed and the old transforms into the new. So long as these behavioral changes are subsequently guided and rewarded by the formal systems, continuous adaptability will have become ingrained in the organization.

How long will the process of implementation take? One can expect the first round of implementing the eight tracks to take anywhere from one to five years. A period of less than one year might work for a small division in which the identified barriers to success were fairly minor. A program taking more than three years might be necessary for a large, established organization that must break with its traditions in virtually every way. But if

the completely integrated program were to take more than five years, I would assume that there was insufficient commitment to follow through with the implementation stage – and thus little or no momentum for change to prevail.

Stage 5: Evaluating the Results

Typically, this final stage of quantum transformation receives the least time and attention. Indeed, by the time the participants have redesigned their formal systems via the middle two tracks and are already describing, controlling, and improving their key business, management, and learning processes in the last three tracks, the members are primarily focused on "getting the work done" rather than attending additional workshop sessions.

A comparable shift in focus is experienced by the external consultants: Once they've initiated the process for the last three tracks, they generally spend most of their time sitting in the back of the room, simply observing how the members manage their learning processes. In fact, soon after the start of the learning process track, the consultants disappear altogether. At that point, members and their bosses are already convinced of the results of the program without needing a formal assessment. They can see and experience the system–wide improvements themselves.

What is the need, then, for a formal evaluation beyond such widespread impressions and experiences? ***Formal evaluations tend to confirm these informal assessments and systematize these results for the organization.*** Perhaps the more outspoken members aren't a fair representation of the membership. It might be that the quieter members are dissatisfied with the results of the program than are their more vocal counterparts. Or it could be that the more vocal individuals are more negative about the results while the "silent majority" is fairly satisfied. It's therefore important that a "streamlined diagnosis" be undertaken in order to develop a more balanced – and more accurate – evaluation of the results from implementing the program of eight tracks.

There are at least three approaches to evaluation that can be utilized to determine the impact of the program in a systematic

manner: (1) diagnostic interviews, (2) diagnostic surveys, and (3) "bottom-line" measures.

Regarding the first approach, we can consider "evaluating the results" as similar to conducting another round of "diagnosing the problems." But it wouldn't be necessary to interview as large a number of members as was the case for the initial diagnosis. Having learned the language during the program, any subset of members should find it rather easy to zero in on the key issues and even use the Complex Hologram to share their perceptions during the diagnostic interview. Nor is it essential to use external consultants as interviewers: With increasingly open and candid conversations occurring in each work unit, internal consultants can obtain valid information – even in group settings. Thus, one can feel certain that the full range of real issues will be revealed during an internally conducted "mini-diagnosis" – so long as a representative sample of members is interviewed.

Besides using diagnostic interviews to assess perceptions and opinions in an anecdotal manner, the Kilmann Organizational Conflict Instrument (KOCI) can be administered, once again, to assess in a quantitative manner whether and to what extent one or more of the organization's systems are still interfering with member performance and satisfaction. In fact, it'll be very useful to compare the KOCI results that were first presented during the diagnostic stage of the program with what the KOCI results are six to twelve months later. Such a before-and-after comparison (comparing the results *before* the tracks were scheduled with the results *after* most or all of tracks have been set in motion) usually provides a meaningful evaluation to the membership. And just as was done for the first KOCI assessment, the individual scores from the latest KOCI assessment can be collected, averaged, and graphed according to levels, divisions, and subunits in order to determine which particular areas in the organization still need some additional work in improving their systems and processes.

In addition, The Kilmann, O'Hara, and Strauss *Organizational Courage Assessment* (OCA) is another useful survey instrument for evaluating the results after implementing most or all tracks in the program. ***The OCA focuses on a particular aspect of human behavior that turns out to be a very telling indicator of what life is like, which signals if the organization is still Newtonian, has become Quantum, or is somewhere in between.*** Specifically, the OCA measures: (1) if members ***observe*** bad behavior taking place in their subunit or organization (e.g., when members are being bullied by others) and (2) if members are ***afraid*** to engage in the "acts of courage" that could protect their colleagues from being harmed, abused, ridiculed, or demeaned.

I realize, of course, that the transformation from a Newtonian to a quantum organization involves several more features than just ensuring that people are kind, decent, and compassionate. ***But it's also rather obvious that no organization could possibly be considered to be a quantum organization if its members are still being harmful and hurtful to one another.*** If members are living in fear and don't strive to counteract bad behavior when they observe it, they must still be complying with the antiquated practices of their still flourishing Newtonian organization.

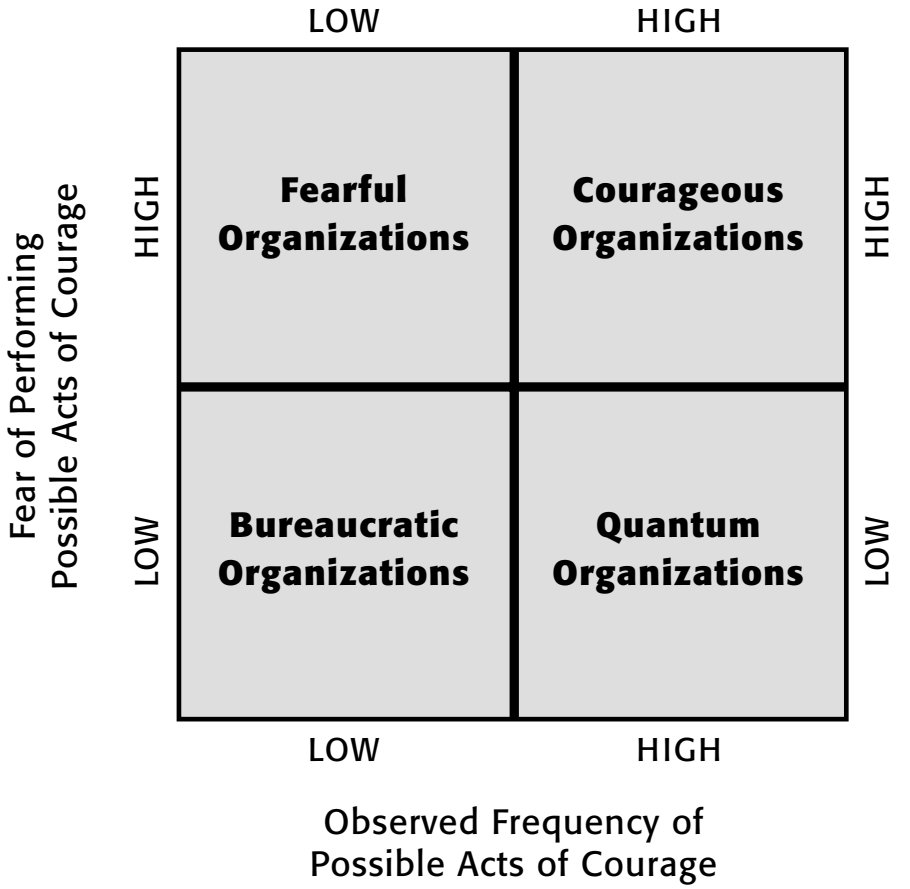
The OCA instrument officially presents "twenty possible acts of courage," which include: "I have observed members coming to another's aid when that person was being unfairly treated or ridiculed." "I have observed people speaking out against illegal or unethical actions." "I have observed minority members speaking out to defend their ideas in white, male–dominated groups."

Members are asked to respond to all twenty acts of courage in two different ways: In Part I of the OCA instrument, members are asked to indicate how often they *observe* these acts of courage (or if any of these acts are not necessary because the members have already been doing what is needed for long–term success). In Part II of the instrument, respondents are asked to indicate

how *afraid* people would be of receiving negative consequences if they actually performed those same twenty acts of courage in their organization.

As shown in Figure 4.9, combining (1) high or low observed acts of courage with (2) high or low fear of receiving negative consequences for engaging in those particular acts then results in these four basic types of organizations: Fearful Organizations, Bureaucratic Organizations, Courageous Organizations, and also Quantum Organizations.

Figure 4.9
Four Types of Organizations



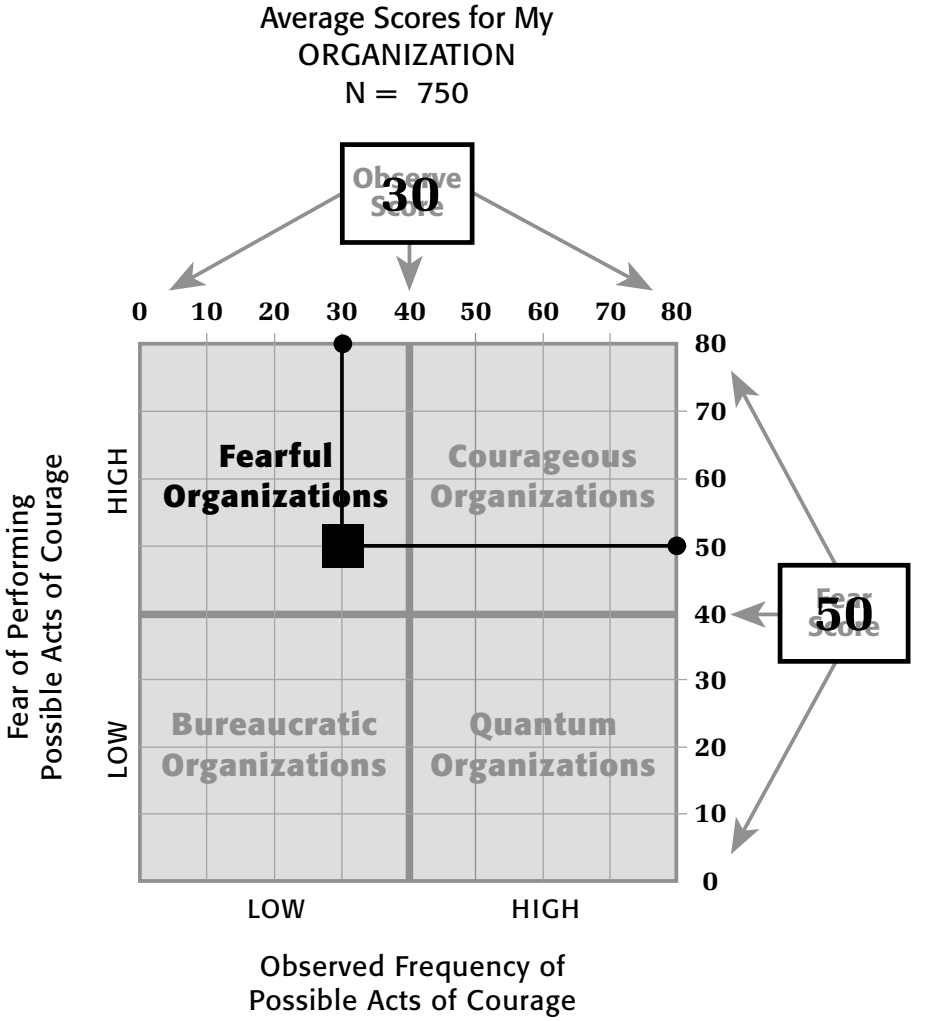
From my experience, the Fearful Organization, which reveals few observed acts of courage with lots of fear, is clearly a classic type of Newtonian organization. Even worse off, however, is the Bureaucratic Organization: Besides experiencing only a few acts of courage, members in this organization have already given up trying to make a difference, since they have totally succeeded in suppressing their fears; as such, these members don't even try to counteract the bad behavior they observe. Basically, members in a Bureaucratic Organization ignore (hence, avoid) what they see and then proceed with other activities. Perhaps the "healthiest" kind of Newtonian organization is when its members frequently engage in acts of courage to protect their colleagues from harm, as in Courageous Organizations, but those members are always living in fear of the negative consequences they'll experience for speaking up whenever they observe others are being harmed or bullied in any way.

But why do organizational members have to live in fear?

Being in a Quantum Organization, according to the OCA's survey results, is indicated when members acknowledge that they speak up whenever they observe bad behavior, but these members experience very little or zero fear that they'll receive any negative consequences for their confrontational behavior. In this case, you can bet that the desired cultural norms and an effective sanctioning system are being employed in each subunit in the organization, which helps to ensure that bad behavior is being confronted explicitly – and then resolved. In addition, if there were any troublemakers identified through the diagnostic interviews, they have since been constrained. Consequently, bad behavior is rarely observed in a quantum organization.

I'll now show you how the average scores from all members taking the Organizational Courage Assessment can be plotted on a diagram to reveal one of those four types of organizations. To begin, Figure 4.10 displays a typical result when members first respond to the OCA during the start of the completely integrated program, which reveals a Fearful Organization.

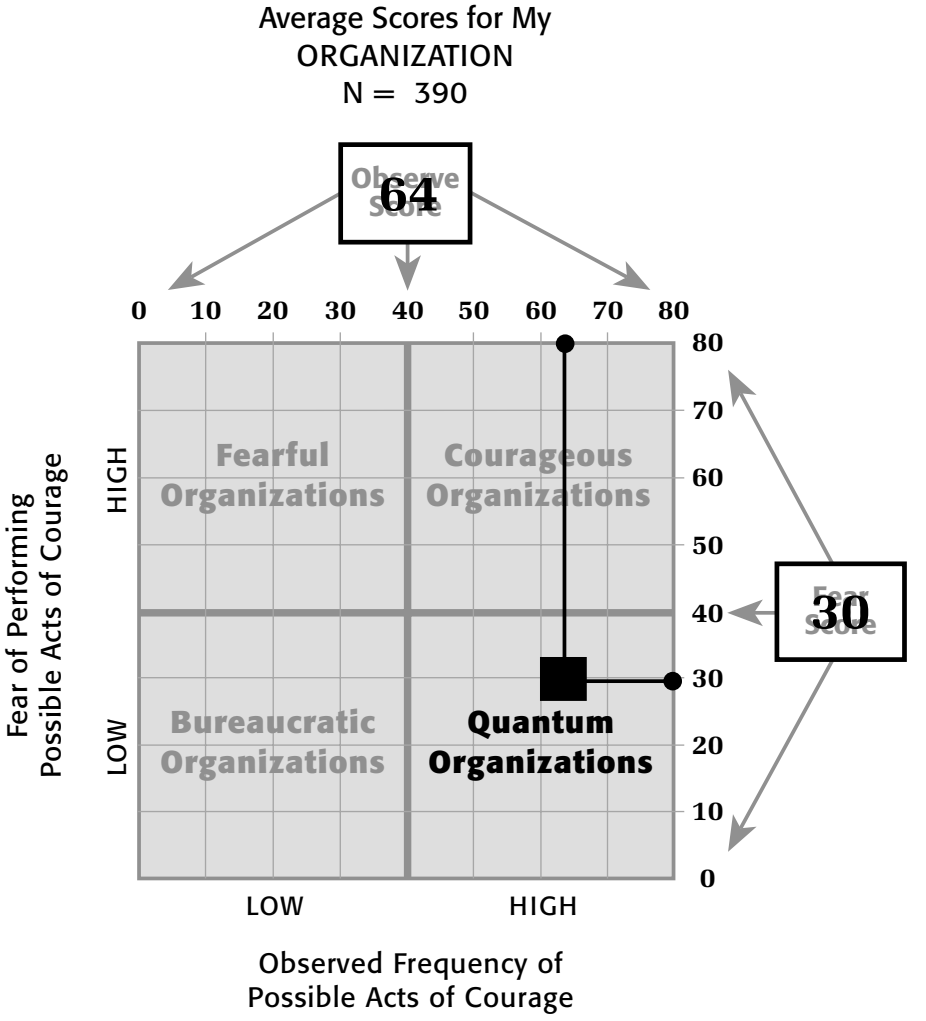
Figure 4.10
A Fearful Organization



Now let's examine the survey results from the same members after their organization has successfully completed the first three tracks of quantum transformation. Perhaps, these same members have also been redesigning the organization's strategy–structure and establishing a performance–based reward system.

Figure 4.11 reveals a Quantum Organization, where members are now doing the right things to care for one another (in case any acts of courage are still needed from time to time) and they confront any kind of bad behavior without any fear of reprisals.

FIGURE 4.11
A QUANTUM ORGANIZATION



In most applications of the eight tracks, the first OCA results usually illuminate either a Fearful Organization or a Bureaucratic Organization. And then, with the second OCA survey, say six to nine months later, the results reveal a Courageous Organization, since members are now being more assertive (effectively using the competing, collaborating, and compromising conflict modes) and thus speaking up whenever they observe or experience bad behavior, as supported by their desired cultural norms and their sanctioning systems. But the members still experience some fear, since they probably remember how things used to be (less than one year ago).

But when the OCA is administered to those same members about a year or two after the completely integrated program was initiated, the results may reveal a Quantum Organization. Members continue to assert themselves, as encouraged by their desired cultural norms of behavior, which are reinforced by their sanctioning systems. But their previous fears have dissolved into the distant past. Again, although the OCA only assesses a limited aspect of what might have changed in the past months or years since the program began, this survey captures a distinguishing feature of Newtonian versus quantum organizations – whereby the latter drives out fear so members can behave in a dignified and ethical manner for the benefit of all key stakeholders.

Regarding the third approach, professional evaluators often emphasize "bottom–line" measures: return on investment (ROI), earnings per share, profit, sales, number of clients served, market share, budget increases, number of patents or new products, new contracts and orders, and several other performance measures. From the point of view of any stakeholder – such as customers, suppliers, stockholders, government agencies, and so forth – one usually can suggest some "hard" outcome measures. Making a before–and–after comparison on any of these measures should provide a solid basis for evaluating the impact of the program. If the program is successful, then the differences in these measures should be evident – or so the argument goes.

While these quantitative, bottom–line measures certainly can be convincing, one has to recognize their numerous limitations. Improvements in the quality of decision making and actions, for example, do not translate into one–for–one increments in profit or performance. Normally, a sequence of decisions and actions is combined in complicated ways before their effects are evident. Moreover, one shouldn't forget the time lag between decisions and actions on the one hand and performance improvements on the other hand. Some bottom–line measures will not be affected for months or even years after a key decision has been made: Improved decision making that results in much faster and better product development, for example, won't be experienced in the marketplace for years. If the before–and–after comparisons on bottom–line results are made right after the workshop sessions have concluded, one cannot expect external stakeholders to take note of any observable differences in outcomes. Ironically, if such before–and–after comparisons showed major improvements (or declines), they probably would be spurious. In fact, only if these bottom–line measurements were made over a reasonable period of time can we take the results of such an evaluation seriously.

When all is said and done, the most comprehensive — and convincing — evaluation of the completely integrated program requires all three approaches: Conducting a second round of diagnostic interviews and examining additional results from the KOCI instrument can be used to assess short-term results, while bottom-line measures can be used to assess long-term outcomes. Keep in mind, however, that short–term success might not result in long–term success: If another round of diagnostic interviews and additional KOCI surveys show good short–term results, then positive bottom–line measures *may* be expected in the future, if all the other dynamics favor the organization. This is the nature of dynamic complexity. Although using those three methods for evaluating the results of the improvement program isn't a perfect solution, it is the very best that can be done when treating the organization as a living system.

Concluding Thoughts

While the five stages of quantum transformation might seem fairly complex, so are the organizational problems that members now face in today's fast–pace, interconnected global village. A completely integrated program must be able to influence all the interrelated systems and processes in an organization, not just one or two. At the same time, if the improvement program isn't initiated properly with top management's full support and if the organization's barriers to success are not accurately identified, the program cannot possibly produce its potential benefits. The program's implementation must be especially flexible and given sufficient time to unfold. Attempting to shortcut a program for transformation would do any organization a great disservice.