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# Managing holistic improvement

*An integrated program for creating and sustaining organizational success*

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In the rush to stay in tune with the rapid pace of change, many organizations are now implementing total quality management (TQM)—often without first examining whether they are ready to take full advantage of what this approach has to offer. Indeed, if TQM is implemented as a quick fix (for example, getting everyone involved in learning tools and techniques, forming continuous improvement teams across departments and disciplines, and then expecting all employees to make significant improvements in the way they serve their customers) when, in fact, there is mistrust, defensive communication, little teamwork across work units, conflicting strategic signals, fragmented organizational structures, and a reward system that ignores performance, virtually any TQM program is likely to fail. Rather than putting more and more pressure on employees to improve—when they cannot because of all these roadblocks—organizations might first consider identifying and then removing their systemic barriers to success *with a completely integrated program*. Once the necessary foundation for TQM has been established, all employees will be able—and willing—to work together to improve their processes, products, and services for the benefit of their customers.

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## Introduction

There is a great temptation to search for the single approach that offers the promise of organizational success (excellence, empowerment, total quality management [TQM], or whatever the current jargon happens to be). The quick fix, as it is known all over the world, is the band-aid or knee-jerk reaction to whatever ails the organization at the moment—the push button response that is directed to the surface manifestation of the problem. If employees complain about a lack of direction, senior executives introduce a new strategic planning system. If there is a need for more innovation, top executives provide a special recognition program for new product ideas. If morale is low, as indicated by the most recent employee opinion survey, top executives publicize the company's physical fitness program. Virtually no effort is made to find out how all the other aspects of the organization—such as dysfunctional cultures, ineffective management skills, poorly functioning work groups, inconsistent strategic choices, bureaucratic red tape, and a reward system that ignores performance—may be contributing to the root cause of the problem. *Any effort to improve the functioning of an organization that ignores the full context and interrelated dynamics of the whole problem will most likely fail.*

Yet whenever managers are asked what can be done to transform their organizations into adaptive, market-driven, innovative, and competitive systems, their usual reply indicates that they are still waiting for the right 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 before, we now must use a systematic, comprehensive, broad-based, deeply penetrating approach for achieving organizational success in today's highly interconnected and competitive world. It is the only way to create and maintain high performance and satisfaction for both internal and external stakeholders over an extended period.

A non-quick fix for improving organizations can be called "a completely integrated program." One example of such a program consists of five interrelated tracks:

- 1 the culture track
- 2 the skills track
- 3 the team track
- 4 the strategy-structure track
- 5 the reward system track.

As an integrated whole, these five tracks can alter the many interrelated variables between the dynamic environment outside the organization and the individual members that function inside (1). Any other non-quick fix would also have to address such a variety of variables in an integrated manner. But focusing on just one or two factors (or

tracks)—no matter how well done or how well intentioned—is *not* a completely integrated program, and it will fail.

To increase the likelihood that a completely integrated program will succeed in creating and sustaining real and lasting improvement, several fundamental issues must be addressed. I have found it most convenient to sort them into five critical stages:

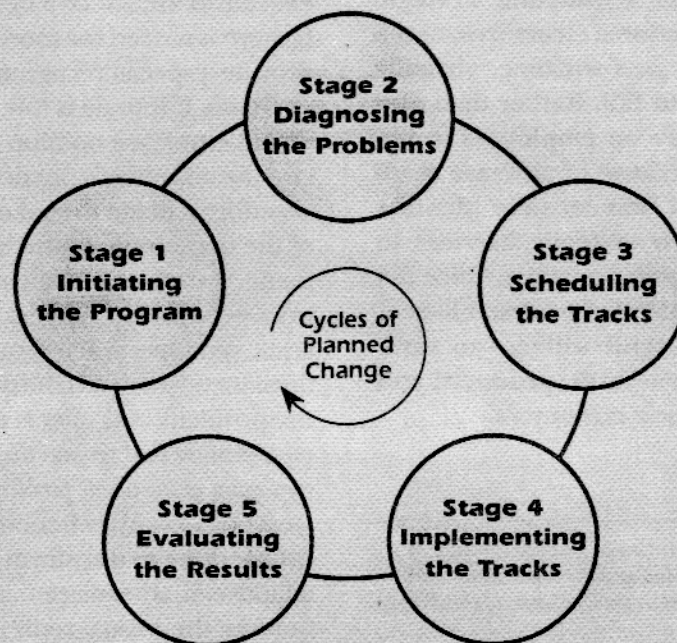
- 1 initiating the program
- 2 diagnosing the problems
- 3 scheduling the tracks
- 4 implementing the tracks
- 5 evaluating the results.

Figure 1 shows these five critical stages as recurring cycles of planned change.

## Stage 1: initiating the program

The crucial issue during the "initiation" phase is whether the necessary conditions are present for a successful improvement effort. At least three key

**Figure 1**  
Recurring cycles of planned change



questions should be answered in the affirmative before the second stage—diagnosis—proceeds.

- **Do senior executives understand the holistic world view, the five tracks, the critical stages of planned change, and what it takes to implement such a large-scale effort?** It would be unrealistic to expect executives to make a well-informed decision about whether to implement a completely integrated program of planned change if they neither understand the concepts nor have the language to debate the key issues. If the program is to succeed, executives must know beforehand exactly what it entails.
- **Will senior executives fully commit to implementing the completely integrated program?** Once the key executives know what to expect, the program's success requires their full commitment—in deed and not just in words. Sometimes, despite their commitment to follow through on the whole program, top managers see the program as more relevant to the rest of the organization than to themselves. True commitment is evidenced when executives openly acknowledge that they themselves are part of “the problem” and need to change as well. Such an admission sets the best example for all the other members and encourages everyone to participate in a learning mode, which is essential for trying out new ways of managing people and problems.
- **Will the implementation of the completely integrated program be led by senior executives and will they accept full responsibility for its success?** Although most improvement programs seem to be led by staff groups (*e.g.*, human resources, personnel, or organizational effectiveness teams), a completely integrated program for system-wide change should be led by line management, preferably by top management. With top management behind the effort, the resources needed to conduct the entire program are more likely to be forthcoming.

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## Stage 2: diagnosing the problems

Many organizations make use of various employee opinion surveys to learn what employees think

about their jobs, their division, and the well-being of the whole organization. Although the information gathered from questionnaires is easy to quantify and tabulate, research suggests that this approach provides very little insight into the underlying dynamics that shape decisions, actions, and outcomes (2). Sometimes bottom-line measures (such as profitability and productivity) are used to *signal* the existence of organizational problems, but, just like surveys and questionnaires, these measures fail to identify the root causes of problems. Experience shows that only one-on-one, face-to-face interviews can hope to capture the full range—and depth—of issues that affect organizational members. At the same time, one-on-one interviews facilitate the exploration of cause-and-effect relationships in an interactive, learning mode. Even if it seems more efficient to interview groups of members instead of individuals one at a time, keep in mind that most people will not voice their true feelings in front of others unless the organization already has an open and trusting culture.

Everyone in the top management group should be interviewed 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 350 members should provide enough information to diagnose the organization's problems and opportunities (because of the “law of large numbers” with stratified random sampling). For smaller organizations, conducting 50 to 150 interviews should be sufficient.

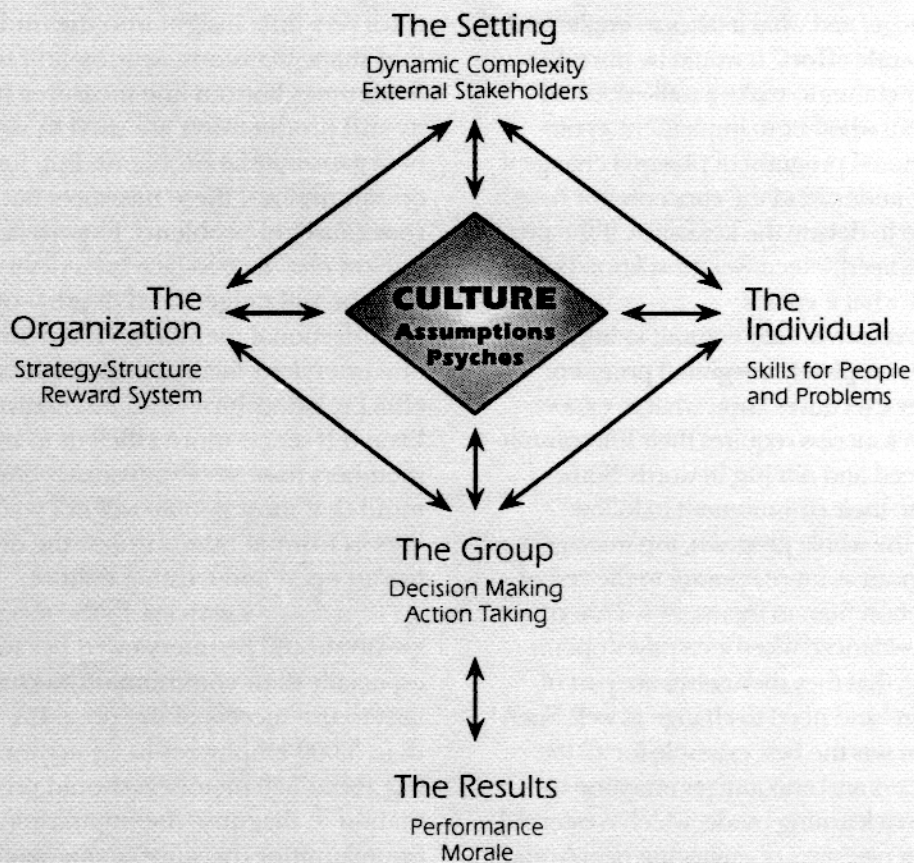
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### Seeing all there is to see

It is essential to be crystal clear about the holistic model—the guiding framework—that is used to ask questions and record responses during the diagnostic interviews. Figure 2 shows organizational life through a multidimensional lens, which I refer to as the “Barriers to Success Model.” This model is used for identifying the full range of systemic *barriers* to success that must be transformed into *channels* for success.

This diagnostic model clearly demonstrates, for example, why TQM will fail if systemic barriers to success are operating in any category. If the *culture* puts pressure on members to withhold information so that everybody strives to protect their

**Figure 2**  
**Barriers to success model**



own turf, the quality of any group's decisions and actions will be adversely affected. If an individual does not use the proper styles and *skills* to manage complex problems, the group's decisions will be rendered by majority rule or by the dictates of one person—not by the collective information and expertise of group members. If teamwork is given lip-service while individuals continue to pursue their personal objectives, it will become virtually impossible for any *group* to undertake collective action for the benefit of the customer. If the organization's *strategy* is rooted in outdated assumptions about the firm's customers, suppliers, or competitors, every group decision will be moving the organization in the wrong direction. If the *structure* makes it difficult for members in different departments to get together and examine important issues (because of steep "functional walls"), the group will not even possess the knowledge and skills

necessary to make quality decisions. If the *reward system* does not measure contributions to processes but only values short-term results, members will not commit to long-term organizational success. *Only if an organization first identifies and then removes its systemic barriers to success in every category can it continuously improve its processes, products, and services.*

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### Mobilizing the shadow track

Responsibility for managing the remaining stages of planned change is neither delegated to any consultants nor assigned to any staff group. Instead, a "shadow track" (running parallel to all five tracks) is formed just after the decision is made to proceed. This special track assumes full

responsibility for the success of the program. Its members—consisting of senior executives and an equal number of members who represent all levels and areas in the organization—are selected by the top management group. (The number of *shadow trackers* can vary from 5 to 25 members, depending on the size of the organization.) Knowing that the rest of the membership will judge the fairness of the selection process always seems to motivate the senior executives to develop a process that they can defend easily, rationally, and publicly. Then, if necessary, a special all-day workshop is held for the purpose of getting the shadow track off to a good start.

Thereafter, the members of the shadow track meet regularly to monitor the effects of the program on the functioning of the organization and to find approaches for improving the implementation process. For example, the shadow trackers often develop and use a special purpose information system so that negative attitudes, feelings, and any difficulties with the program can surface. In this way, the shadow track has a basis for adjusting its efforts to address the evolving needs, concerns, and problems of the organization. And when *positive* experiences signify the desired direction of change, this information is also shared with the whole organization.

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### Stage 3: scheduling the tracks

The next stage of planned change—scheduling the tracks—concerns two types of decisions:

- 1 determining the content of all the materials that will be used in each track
- 2 establishing the logistics by which the five tracks will be conducted for all participants in the program.

The outcomes of these two scheduling decisions are guided by the diagnostic stage of planned change with the aid of organizational members who are skilled at planning large meetings and educational programs.

Regarding the *content* of the schedule, the key issue concerns how all the identified barriers to success can be transformed into channels for success. Essentially, all interventions (*e.g.*, lectures, exercises, surveys, discussions) are sorted into the five

tracks and then further divided into 1-day workshop sessions within each track (3).

For several reasons, the five tracks are grouped into two parts: the first three tracks and the last two tracks. The first three tracks (culture, skills, and team) address the barriers in the *informal* organization, while the last two tracks (strategy-structure and reward system) address the barriers in the *formal* systems. As a complete set, therefore, all five tracks can change all the controllable variables summarized in the Barriers to Success Model (Figure 2).

Although it might be tempting to try to improve things by *first* modifying the formal aspects of the organization (the last two tracks), such an approach inevitably leads to failure. Changing the formal systems on paper, for example, cannot result in behavioral change on the job—unless members are willing and able to change. If there is mistrust, defensive communication, deficient problem-solving skills, and little cooperation across departments, better formal systems can neither be designed nor implemented. However, by first proceeding to correct the *informal* aspects of the organization (the first three tracks), the entire membership can develop the prerequisite culture, skills, and teamwork for effectively managing all its crucial business, technical, and organizational problems. Even so, the first three tracks, by themselves, are not enough. If the *formal* systems (especially the reward system) are not ultimately redesigned as required, any short-term improvements in the informal organization will fade away—the fate of most quick fixes. All five tracks—in sequence—are needed to create and sustain organization-wide improvement.

Regarding the *logistics* involved in scheduling the five tracks, a number of additional decisions must be made. Who will be involved in each track? For how many sessions in what timeframe? How will each section of participants be formed to promote learning and improving? This is a good place to present the key issues involved in scheduling employees for the program, realizing that all the logistical details (such as locations for the sessions, setup for the classrooms, arrangements for meals, and so forth) cannot possibly be addressed here (4).

Both the culture track and the skills track are scheduled to include every work group in the organization. As might be expected, ensuring every member's involvement in workshop sessions is the only way to change something as ingrained as

culture and to learn new skills that will be *used* in the workplace (5). Because, in most cases, an open and trusting culture will not 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 session in both of these tracks. For example, all the supervisors who report to a common department head meet as a peer group; all the department heads who report to a common divisional manager meet as a peer group, and so forth. In virtually all cases, these peer groups are formed by separating managers from employees who report to them to provide the best opportunity for a candid and forthright conversation.

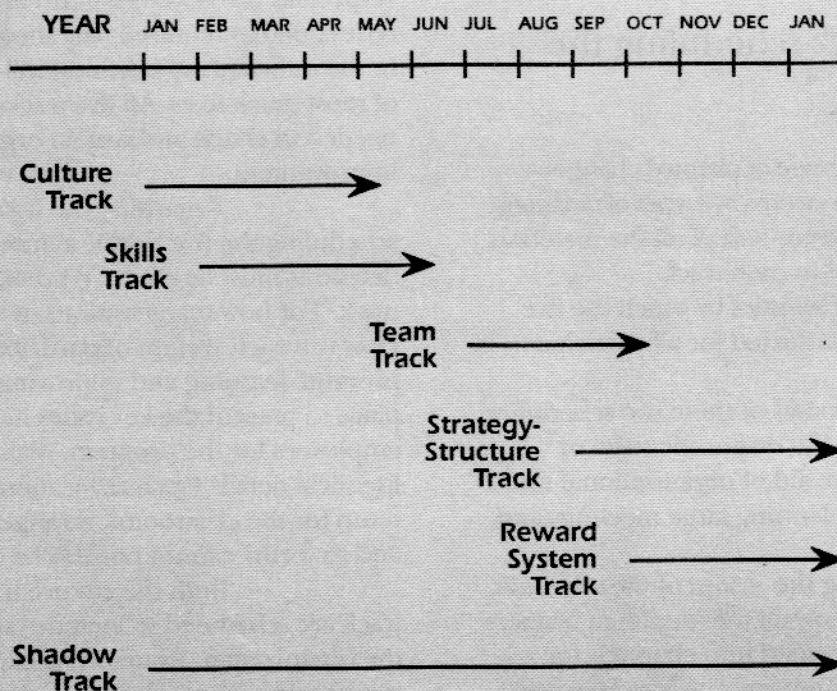
Scheduling the team track brings the managers back together with their employees in their natural work units. This is the only way to ensure that the new knowledge gained from the earlier sessions can be applied directly to the job. If, however, the natural group is brought together too soon—before the new culture and skills have been internalized—almost everyone will fall back to old practices. It does take some time—in a relatively safe environment—for people to learn new behavior *before* they can

approach emotionally charged situations in new ways.

Scheduling the last 2 tracks involves the formation of 2 separate task forces of about 15 to 25 persons each (depending on the size of the organization). (The shadow track designs and manages the process for selecting the participants for the last two tracks of the program.) One task force addresses the strategy-structure problems that were revealed during the diagnostic stage, and the other task force addresses the reward system problems. The people chosen for these special missions not only represent all levels and areas in the company, but they also have demonstrated leadership during the earlier tracks. Following their deliberations, these two task forces present their recommendations to senior management for improving the organization's strategy-structure and reward system. Subsequently, these groups play a leadership role in helping to implement change.

Figure 3 illustrates one strategy for scheduling the tracks, including the shadow track. This example—and it is only an example—assumes one formal session per month for the duration of the program and three formal sessions per track for the

**Figure 3**  
Scheduling the tracks



first three tracks. The horizontal line for each track signifies an ongoing series of off-site meetings (held in a workshop) and on-site meetings (held at the workplace) set up to pursue the topic in question. As the figure shows, a track does not have to be completed before the next track begins. In most cases, the first two tracks are conducted in alternating sessions because 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. And the last two tracks should not be initiated until enough employees throughout the organization can apply the new culture and skills on the job.

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## Stage 4: implementing the tracks

It is rather easy to schedule the five 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 simply do not lend themselves to an entirely predictable path. Besides, if people believe they are being programmed in any way, they may purposely do something illogical, irrational, and completely unexpected just to show how independent they really are!

The most enjoyable part of the implementation stage is seeing changes and improvements take hold. Initially, everyone is a little leery of what to expect and unsure whether the organization has the ability to change. As early successes are won, however, confidence develops, and this inspires an even greater effort at improvement. This is not to suggest that the road will be smooth and without obstacles. Week by week, some things will get a lot worse before they get better. When an event seems to reinforce the old ways or attitudes of the past, it is easy to be discouraged and feel that nothing has changed.

These fluctuations in perceived accomplishments and moods illustrate the importance of setting realistic expectations in the beginning—what should happen and when—and making sure that impatience does not raise members' expectations to unattainable levels. Disappointment and frustration result when these expectations are out of line with

reality, which subsequently affects both the individual's and the organization's confidence in their ability to learn and improve. Expectations must be managed very carefully throughout the program.

After a number of months go by, it will become more and more apparent that the membership has internalized the desired behavior. Now the new ways are enacted quite automatically as the new behavior becomes easier to put into everyday practice. At a certain point—typically sometime during the team track when the new culture and skills become internalized—the hump is crossed and the old gives way to the new. So long as these behavioral changes are subsequently guided and rewarded by the formal organization (the last two tracks), continuous adaptability will have become ingrained in the organization.

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## Stage 5: evaluating the results

Typically, this fifth and last stage of the completely integrated program receives the least time and attention of all the stages of planned change. By the time the participants have redesigned their formal systems via the last two tracks, the primary energy of all the members is directed to managing complex business and technical problems—rather than being devoted to attending workshop sessions and learning new material. At this point in time, many members, including senior managers, are usually well convinced of the results of the program without needing a formal assessment. They can *see* the improvements themselves.

Formal evaluations, however, tend to confirm these informal assessments and systematize the results for the organization. Typically, three approaches are used:

- 1 diagnostic interviews
- 2 surveys and instruments
- 3 “bottom-line” measures.

Regarding the first approach, one can think of “evaluating the results” as similar to conducting a second round of “diagnosing the problems.” It should not be necessary, however, to interview as large a number of people as was done for the first diagnosis. Having learned “the language” *during* the program, participants should find it easy to zero in on

the key issues and to use the Barriers to Success Model to discuss their perceptions for the interviewers.

Besides using diagnostic interviews to assess perceptions and opinions in a *qualitative* manner, surveys can be used to test the resolution of organizational problems in a *quantitative* manner. Although any such before-and-after assessments are only internal audits, they are still helpful. If the surveys reveal that significant barriers still remain, these findings will pinpoint what type of additional work needs to be done to remove the identified barriers.

Regarding the third approach, evaluators often emphasize "bottom-line" measures—return on investment, earnings per share, profit, sales, number of clients served, market share, budget increases, number of patents or new products, new contracts and orders, productivity gains, and many 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 for making before-and-after comparisons.

Ultimately, the most comprehensive—and authentic—evaluation of the five-track program requires all three approaches. Diagnostic interviews and surveys can be used to assess short-term results while bottom-line measures are used to assess long-term outcomes. Although making use of all three approaches for evaluating the results of the program is not a perfect solution by any means, it is the best that can be done when treating the organization as a living and complex system.

## Conclusion

The successful implementation of TQM assumes many things:

- 1 the culture in the organization fosters trust, openness, information sharing, and a willingness to change and continuously improve

- 2 employees have the appropriate styles and skills to communicate effectively with one another, to identify and solve complex problems, and to manage their time
- 3 a spirit of cooperation and teamwork flourishes within and across all work units
- 4 employees have an accurate and clear understanding of how their daily jobs contribute to the strategic vision of their organization and have the necessary resources at their disposal to perform efficiently and effectively
- 5 the reward system measures performance objectively (in terms of accomplishing short-term results and enacting behaviors that contribute to the long-term success of the organization) and distributes intrinsic and extrinsic rewards based on these measures of performance.

In many cases, however, these essential conditions for success are not present and, in fact, just the opposite is the grim reality. As a result, it might be wise for an organization first to identify and then to remove their *systemic barriers to success* before attempting to reap the benefits from any TQM program. Implementing a completely integrated program (via the culture, skills, team, strategy-structure, and reward system tracks) can be done in a well-orchestrated manner so that TQM programs will succeed—rather than fail. ☞

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