In today's dynamically complex economy, the quick fix is no solution. What's needed is a foundation-shaking program of planned change that aligns all aspects of the organization into a unified effort for long-term success.

A Completely Integrated Program For Creating and Maintaining Organizational Success

RALPH H. KILMANN

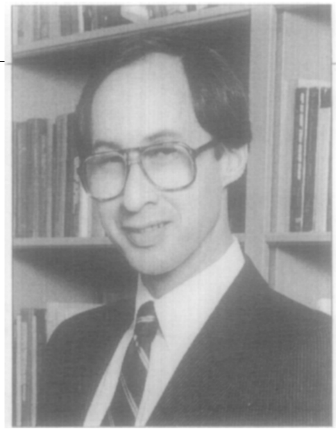
Consultants and managers alike had high hopes for the field of organization development as it first emerged in the 1950s. Its methods for systemwide change were hailed as the organizational cureall that would significantly improve the functioning of entire companies. For the most part, however, this majestic vision soon faded and eventually disappeared.

What happened? During the 1960s and 1970s, efforts at improving organizations became increasingly specialized, leading to fragmentation. This happened primarily because the methods of improvement focused on the narrow use of single approaches, such as team building, survey feedback, and performance appraisal. Academics, following traditional guidelines for rigorous research, tended to develop improvement methods suited to tightly controlled, isolated parts of the organization—thereby ignoring systemwide perspectives. Executives found this approach consistent with their own inclinations, of course, since it did not require them to examine either the corporate culture or the power structure of their organizations.

Today, managers are realizing "future shock" is upon them: They can no longer ignore the need for fundamental systemwide changes. Their entire organizations must be transformed into market-driven, innovative, and adaptive systems if they are to survive and prosper in the highly competitive, global environment of the next decades. As organizations gear up to greet the 1990s, many are beginning to face this urgent need to rejuvenate the vision and practice of organization development: to supply systemwide programs of planned change.

TO BEGIN A PROGRAM OF PLANNED CHANGE

The first step in developing a completely integrated program for improving organiza-



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Kilmann has published more than 100 articles and books on such topics as organizational design, strategy, structure, and culture; conflict management; organizational effectiveness; organizational change and development; defining and solving complex problems; interpersonal and small-group behavior; and the design and functioning of scientific institutions.

Since 1975, Kilmann has been president of Organizational Design Consultants, a Pittsburgh-based firm specializing in the five tracks to organizational success. His corporate clients include AT&T, Eastman Kodak, Ford, General Electric, General Foods, TRW, Westinghouse, and Xerox. In addition, Kilmann has applied his methods for planned change to health-care organizations, financial service companies, and government institutions, including the U.S. Bureau of the Census and the Office of the President.

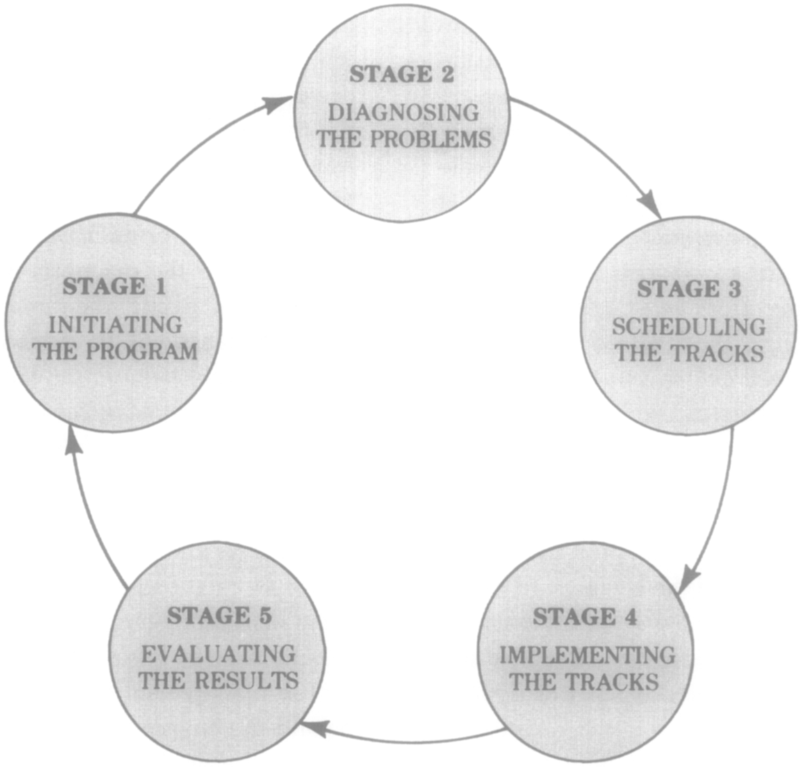
tions entails identifying at least three sets of elements: (1) all the controllable variables—pinpointed via a systems perspective—that determine organizational success, (2) all the multiple approaches—techniques, instruments, and procedures—that can alter these controllable variables, and (3) all the ongoing activities that drive organization-wide change.

The first set of elements—the controllable variables—can be pinpointed by taking a systematic, *holistic* view of the barriers (problems) and channels (opportunities) management must address for the organization to be successful. It is these variables that managers and consultants can subsequently use as leverage for improving organizations.

Second, a completely integrated program must include multiple approaches for directly influencing the full range of leverage points that can *change* individual, group, and organizational behavior. A variety of techniques, instruments, and procedures for achieving organizational success can be organized into a sequence of five tracks: (1) the culture track, (2) the management skills track, (3) the team-building track, (4) the strategy-structure track, and (5) the reward system track. As a whole, these five tracks can alter all the controllable variables from the environment outside the organization to the psyche inside the individual.

The third element essential to a completely integrated program specifies *how* systemwide change can be managed in an organization—given the complexities and dynamics of a living system. While the process of change can be managed by an arbitrary number of stages, phases, or steps (from the very beginning of the program to the end), I have found it useful to organize the "how" of planned change into five critical stages: (1) initiating the program, (2) diagnosing the problems, (3) scheduling the tracks, (4) implementing the tracks, and (5) evaluating the results. Only by

Exhibit 1
THE FIVE STAGES OF PLANNED CHANGE



viewing the organization holistically (the first ingredient) and surrounding the five tracks (the second ingredient) with the ongoing stages of planned change (the third ingredient) will continuous adaptability become ingrained in an organization—thereby creating and maintaining organizational success.

Exhibit 1 shows these five stages of planned change as a recurring cycle of activity. To be successful, all programs for improving organizations must devote sufficient time and effort to complete each stage. Movement from one stage to the next, shown by the single arrows, should not take place until all the criteria for the earlier stages have been satisfied. Otherwise, any stages that are glossed over will result in more difficulties later. Since most organizations have lagged far behind the dramatic changes that have taken place in their environment, major transformational changes occur during the first cycle of the program. In subsequent cycles, organizations undertake mostly incremental—evolutionary—change, since they are then able to keep pace with a rapidly shifting environment.

STAGE 1: INITIATION

The critical issue during "initiation" is ascertaining whether the organization is ready for a successful improvement effort. Several key conditions must exist before the second "diagnosis" stage gets underway. Through informal one-on-one dialogues, small group meetings, and formal sessions with top executives of the whole organization and senior executives of business units, consultants can determine whether the following conditions exist indicating that management is ready to commit to a program of planned change.

Senior executives must understand the holistic approach, the five tracks, the critical stages of planned change, and the effort involved in implementing 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 do not have the concepts and the language to debate the key issues. It is crucial to the ultimate success of any program of planned change that top executives know beforehand exactly what the program entails.

Senior executives must fully commit to implementing the whole program of planned change. Once the executives know what to expect, the program's success requires their full commitment: Executives who will merely pay lip service to the change effort are not truly ready to transform the organization. Another shortcoming senior managers may exhibit is that despite a commitment to follow through on the complete program, they may see the program as more relevant to their employees than to themselves. True commitment is demonstrated when the senior executives openly acknowledge that they are also part of "the problem" and need to change as well. Such an admission sets the best example for the rest of the employees and encourages everyone in the organization to participate in a learning mode.

Senior executives must be willing to have consultants diagnose the organization's full range of barriers to success. While managers may believe they can conduct the diagnosis of problems themselves, this is the one area in which it is imperative to get an objective, independent reading of the organization's health. All the remaining stages of planned change rely on the diagnosis as the basis for choosing among various techniques, instruments, and procedures – to bring about change and improvement. If the diagnosis is biased, inaccurate, or simplistic, the remaining stages of planned change will be jeopardized.

The implementation of the improvement program must be led by senior executives who will take full responsibility for its success. While most improvement efforts seem to be led by various staff groups – human resources, personnel, industrial relations, or employee relations – a completely integrated program for long-term organizational success should be led by line management, preferably by top management. With top management behind the change, the resources needed to conduct the whole program are more likely to be forthcoming. Moreover, with top management leading the charge, top priority will be assigned to the improvement effort in spite of all the pressures to concentrate on the here-and-now business problems and operational issues.

For example, if the organization is undergoing hard times because of a recent crisis or financial setback, involvement in the program might take a back seat to other priorities. The program is most likely to be successful if it is presented by top management as the number-one priority and is viewed as such by the rest of the membership.

STAGE 2: DIAGNOSING PROBLEMS

When the key executives and consultants believe that all the conditions for success are present – that the program has been initiated properly—the diagnostic stage of planned change can proceed. The objective at this stage is to develop a deep understanding of the full range of problems (barriers) facing the organization as well as its opportunities (channels) for success.

Many organizations make use of various employee opinion surveys to learn what members think about their jobs, their respective division, and the organization as a whole. While the information gathered from such questionnaires is certainly systematic, surveys alone do not uncover the true experiences employees face in a complex organization. One-on-one, face-to-face discussions are a more effective method of capturing the full range of issues that impact on organizational members. Although it may seem more efficient to interview groups of members instead of individuals, this method is also lacking since employees are less apt to voice their true feelings in front of other coworkers unless the organization already has an open and trusting culture.

Consultants, with the aid of managers, must develop a plan to gather diagnostic information from members throughout the organization. The objective is to sample each level in the hierarchy—and each division and department—to obtain a representative view of the organization. Everyone in the top management group should be interviewed, simply because their views, and especially their commitment to change, are so critical to the program. If there are as many as 5,000 members in an organization, interviewing about 250 members should provide enough information to diagnose the organization's problems and opportunities adequately. For smaller organizations or divisions, 50 to 150 interviews should be sufficient.

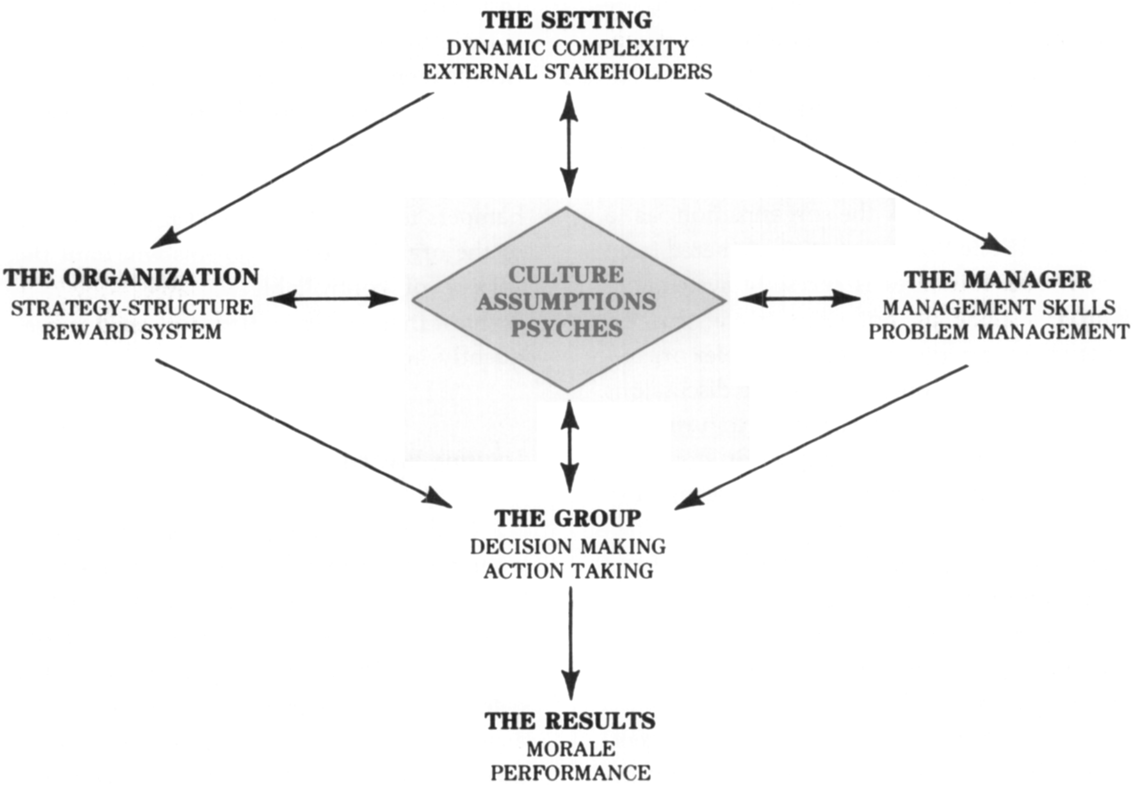
Interviewers must be carefully instructed in the proper techniques of asking questions and recording responses. If the interviewers see organizations only as a collection of interpersonal relationships, they will only ask questions and record responses with regard to interpersonal issues. The same holds true if the interviewer should view the organization as merely a document-producing system (strategies, organization charts, or job descriptions), a cultural system, or a collection of management styles. *Any* perceptual filter that hampers the search for a full understanding of the organization's problems will limit the variety of controllable variables—leverage points—that are identified and used subsequently in the change process utilized.

Locating Barriers

Exhibit 2 shows organizational life through a three-dimensional lens. This model is used for discovering the full range of barriers to success that can be transformed into channels for success. The model consists of five broad categories representing the at-the-surface aspects of an organization along with three aspects that operate below the surface of experience. The five broad categories are the setting, the organization, the manager, the group, and the results. The three aspects at work below the surface are culture, assumptions, and psyches.

The setting. The broadest category of the Barriers to Success model is the setting. It includes every outside event and force that can affect the success of the organization. Any diagnosis that does not put the internal dynamics of the organization in the context of its external setting is treating the organization as if it were a simple machine—not a living, breathing entity that is in a symbiotic relationship with its environment. Moreover, the history of the organization—when and how it was founded and the various environmental obstacles it has had to overcome since

Exhibit 2
BARRIERS TO SUCCESS



then—helps in determining how the organization is likely to respond to the world today.

Two aspects of the setting deserve further discussion. *Dynamic complexity*—rapid change and interdependence in a global marketplace—is having an increasingly powerful impact on all organizations. Playing into this added complexity are *external stakeholders*—any individual, group, organization, or community that has some stake in what the focal organization does. Stakeholders vary according to the organization being studied. And new stakeholders can enter into the organization's setting at any time. For example, competitors with improved products, government agencies with new regulations, research groups developing new production methods, or new customers with different tastes may suddenly appear in an organization's arena. A critical diagnostic issue in assessing an organization's barriers to success is determining whether it anticipates the actions of its external stakeholders or merely reacts to their initiatives.

The organization. The formal organization's barriers to success can be diagnosed by examining its strategy-structure and reward system. *Strategy* refers to all the documents that indicate direction: statements of vision, mission, purpose, goals, and objectives. *Structure* refers to the way resources are organized into action: organization charts, policy statements, job descriptions, formal rules and regulations, and work procedures. The *reward system* includes all documented methods to attract and retain employees and, in particular, to motivate them to high levels of performance. The essential diagnostic issue is whether all these documented systems are barriers (or channels) to success: Does too much bureaucratic red tape strangle creative, innovative, and discretionary behavior? Are members asking for more clarity about their objectives and for more guidelines on how to perform their tasks?

The manager. As shown on the right-hand side of the Barriers to Success model, managers can be diagnosed according to how well their styles and skills fit with the types of people and problems in the organization. Until recently, managers have been thought of primarily as decision makers – persons who must choose from a set of alternatives to arrive at an optimal or satisfactory solution. This works well if the alternatives are already determined and the rules for choosing among them are clear-cut. In a setting of dynamic complexity, however, the essential problem may not be clear, let alone the choices for solving it. Today's managers need to be problem managers, who must sense and define problems *before* they select and implement solutions. The critical diagnostic issue here is whether managers throughout the organization are applying the right skills for addressing complex problems.

Culture, assumptions, psyche. At the center of the Barriers to Success model, are aspects of the organization at work below the surface. Each of these aspects functions at a different level of depth.

Just below the surface, and thus easiest of the three to diagnose and manage, is culture. As the invisible force behind the tangibles and observables in an organization, culture is the social energy that moves the membership into action. Culture is defined as *shared* values, beliefs, expectations, and norms. Norms are easiest to define. They are the unwritten rules of the game: Don't disagree with your boss; don't rock the boat; don't share information with other groups. Often, work groups pressure their members to follow such dysfunctional norms out of habit. One consequence of this pressure is that culture – as manifested in norms of behavior – greatly affects how formal statements are interpreted and provides what written documents leave out. The fundamental diagnostic question, therefore, is this: Does the organization's culture support the behavior that is needed for organizational success today (or does it pressure members to live according to what worked yesterday)?

Assumptions – found at the next level of depth – are beliefs that are taken for granted to be true but that may turn out to be false under closer analysis. Underlying every decision and every action is a vast set of generally unstated and untested assumptions. Managers may well assume the following unstated beliefs are unquestionably true: No new competitors will enter the industry; the economy will steadily improve; the consumer will buy whatever the firm produces; employees will continue to accept the same working conditions. The key diagnostic question to be asked is whether the critical assumptions that affect all major business decisions are up to date, explicit, understood, and used by members throughout the organization.

Psyche, the third aspect at the center of the Barriers to Success model, operates at the deepest level of the organization. While the innermost qualities of the human mind and spirit cannot be changed in a short period of time, if at all, an accurate understanding of human nature is essential to manage organizations and solve problems. In essence, the assumptions that members make concerning the psyche — what people want, fear, resist, support, and defend — underlie the eventual success or failure of every decision and action. A useful diagnostic test is to find out whether managers are frequently surprised when their proposed solutions are not accepted by their employees — suggesting inaccurate assumptions about some aspect of their psyche.

The group. The lower part of the Barrier to Success model illustrates the central role that groups must play in organizational decision making and action taking. It also indicates the close link between the group and the results. While individuals do act on their own volition, today's organization requires multiple contributions from members of one or more groups to manage complex problems. The synergistic team approach will result in high-quality decisions *and* employee commitment to implement these decisions for organizational success.

As Exhibit 2 illustrates, the team approach will fail in most organizations where all the other barriers to success are still in place. If a manager does not use the proper styles and skills to manage complex problems, group decisions will be made by majority rule or by the dictates of the manager. If the culture pressures employees to withhold information in the interest of protecting their own turf, the quality of decisions will again be adversely affected. If the organization's strategy is rooted in false assumptions about the consumer and the firm's competitors, every group decision will be moving the organization in the wrong direction. If the organization's structure makes it difficult for members in different departments to meet and discuss important issues, the group will simply lack the expertise and information needed to make high-quality decisions. Furthermore, if the reward system encourages individual versus team efforts, members will not be motivated to commit themselves to the group decision-making process in the first place. Indeed, only if an organization is composed of well-functioning teams, with negligible barriers to success in every category, can it become a truly breakaway company in a competitive world.

These interrelated dynamics, as captured by the Barriers to Success model, show the variety of issues that arise again and again while diagnosing organizations. Naturally, the problems vary from one organization to the next. Nevertheless, an uncanny pattern has emerged in all the work I have done in organizations: Rarely do I find that teaching managers new skills about complex problems will by itself solve the organization's performance and morale problems. I have never encountered a case anywhere in the world in which only the culture lagged behind and there was an effective formal organization already in place with managers applying up-to-date skills. The culture problem has *always* been associated with problems in the organization, the group, and the manager as well. Organizations are interrelated sets of above- and below-the-surface problems and opportunities that must be considered and dealt with as whole systems.

Once all the interviews have been conducted, the consultants organize the variety of problems they have discovered by sorting them into the categories of the Barriers to Success model. This is in preparation for proposing how a specially tailored, five-track program can remove these barriers by building on the channels to success (the positive aspects of the organization that should be retained). The consultants prepare a report and present it first to the top managers. When the top managers have accepted the general diagnosis, it is time to discuss these findings with the entire membership. Top managers' convictions and willingness to present the diagnosis to the employees is critical, for it demonstrates managers' commitment to the plan.

STAGE 3: SCHEDULING THE TRACKS

The next stage of planned change is scheduling the five tracks (culture, management skills, team-building, strategy-structure, and reward system). Scheduling involves (1) selecting the first unit to participate in the program and planning the spread of change to the remaining units, and (2) selecting the methods (techniques, instruments, and procedures for bringing about change) that will make up each of the five tracks into a timed sequence of activity to promote effective learning and change in each organizational unit. Once a plan for action has been formalized, managers, employees, and consultants will work together to apply it in the next stage: implementing the tracks.

The best approach for scheduling business units for planned change is to apply the changes to a *primary* business unit first. This will add credibility to the change program. Often managers will instead select a business unit isolated from the core business of the organization. Perhaps this represents a safe strategy: If the program fails, the whole organization is hardly affected. If the program *is* successful, however, the other business units will not regard the pilot project as a relevant example of what they should be doing. If the intent is to spread change throughout the organization, units should be chosen that are critical to the success of the whole enterprise – even though this necessarily involves greater risk. This risk, however, should be reason enough for top executives to do whatever it takes to make the program a success.

A plan is then developed that specifies the ways in which change can be spread throughout the organization. This plan should outline not only the order in which the remaining units will be scheduled but also the supporting techniques and procedures that will be used once the pilot project is underway (and as other units begin the process) – for example, the rest of the organization can be kept informed of what is taking place and why. Some managers or members from the pilot project might be temporarily transferred to the next unit to help facilitate the changes. Moreover, various rewards and perquisites might be offered to units participating in the program to convey its importance.

The five tracks, in all cases, are scheduled in the prescribed order. The first three tracks (culture, management-skills, and team-building) adjust the behavioral infrastructure of the organization – the blood and guts of how people behave toward one another on the job. The last two tracks (strategy-structure and reward-system) adjust the organization's tangible features – the documents, technologies, systems, and resources that guide people's behavior toward an agreed-upon mission. Without first developing an adaptive *inner* organization, any adjustments to the outer organization would be cosmetic and, therefore, short-lived.

What does each track do for the organization? The culture track enhances trust, communication, information sharing, and willingness to change among members – the conditions that must exist before any other improvement effort can succeed. The management-skills track provides all management personnel with new ways of coping with complex problems and hidden assumptions. The team-building track infuses the new culture and updated management skills into each work unit – thereby instilling cooperation organization-wide so that complex problems can be addressed with all the expertise and information available. The strategy-structure track develops either a completely new or a revised strategic plan for the firm and then aligns divisions, departments, work groups, jobs, and all resources with the new strategic direction. The reward-system track establishes a performance-based reward system that sustains all improvements by officially sanctioning the new culture, the use of updated management skills, and cooperative team efforts within and among all work groups.

While the reward-system track is often viewed as the "bottom line" for employees, conducting this last track is futile if all the other tracks have not accomplished their intended outcomes – thereby illustrating just how critical it is to schedule (and implement) the five tracks in sequence *and* in total. Without an adaptive culture, members will not believe that rewards are tied to performance. Instead, they will believe that it is useless to work hard and do well. Similarly, if managers do not have the skills required to conduct performance appraisal, any well-intentioned reward system will be thwarted. If the work groups in the organization do not tolerate individual differences, it will be most difficult to distinguish high and low performers – which is what every pay-for-performance system must do. Furthermore, if the strategy and structure of the organization are not developed and aligned properly, the reward system cannot measure performance objectively as close to the individual level as possible. The latter condition is essential to make the pay-for-performance link a reality in everyone's eyes.

While all five tracks are *always* relevant to planned change in today's competitive world, what makes each application of the program different are the various methods used in each of the five tracks. Just as the diagnosis varies for each organizational unit, so does the choice of method to address each problem. In some cases the management-skills track will include material or leadership styles, conflict-handling modes, and ways of minimizing defensive communication. If the managers have already acquired these skills, management training moves directly to teaching methods for managing complex problems. Clearly, managers and consultants should be aware of the diversity of methods that exist so they can choose the ones that best fit the problems in each organizational unit.

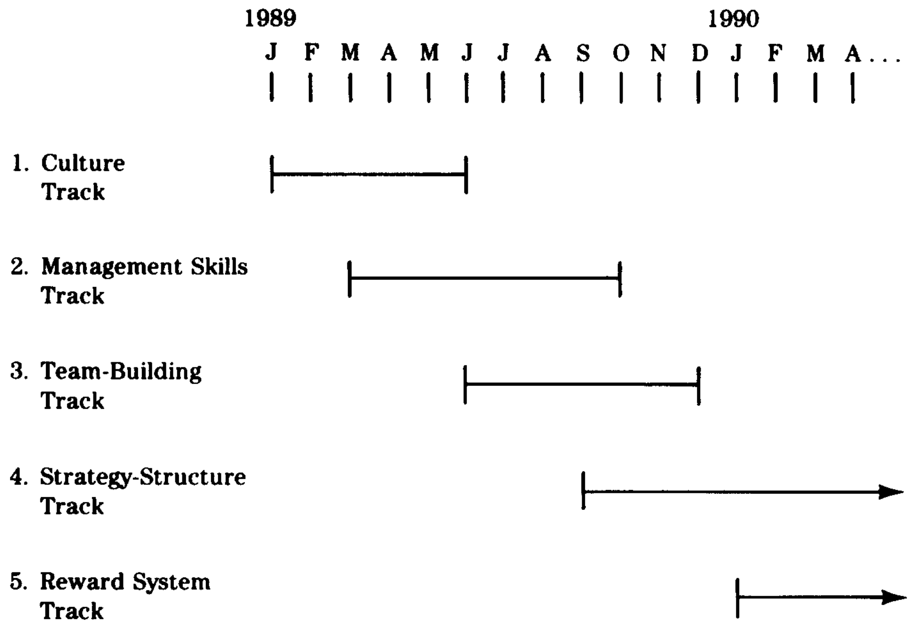
Exhibit 3 provides a sample timeframe for scheduling the five tracks. The horizontal line for each track signifies an ongoing series of off-site meetings (in a workshop environment) and on-site meetings (organized at the workplace) set up to pursue the topic in question (for example, cultural change). As the exhibit shows, a track does not have to be completed before the next track is initiated. The guiding principle is that the earlier track should have established the conditions necessary for the next track to succeed.

Scheduling the five tracks also requires numerous choices regarding personnel. Who will be involved in each track? Typically, the culture track includes every work group in the organization (or business unit). As might be expected, ensuring every member's involvement in workshop sessions is the only way to change something as ingrained as corporate culture. Since, 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-building track is initiated), every work group is subdivided into peer groups for each workshop in the culture track. Generally, these peer groups are formed by separating superiors from their subordinates, since these subgroups provide the best opportunity for candid discussions.

Scheduling the management-skills track

Exhibit 3

SCHEDULING THE FIVE TRACKS



usually involves all the managers in the organization (or designated business units) – from first-line supervisors through the chief executive officer. Sometimes, key professional personnel and potential managers are included in the interest of career development. Just as in the culture track, however, all group discussions take place in peer groups – to foster open communication before the culture has changed.

Scheduling the team-building track brings managers back together with their subordinates in their formal organizational units. This is the only way to ensure that the new knowledge gained from the workshop sessions can be transferred directly to the job. If, however, the managers and employees are brought together too early, before the new culture and skills have been internalized, almost everyone will fall back into old routines. It does take some time – in a relatively safe environment – for people to learn new behavior and skills before they can approach emotionally charged situations in new ways.

Scheduling the last two tracks, strategy-structure and reward-system, generally involves the formation of two separate task forces of about 25 persons each. One task force addresses strategy-structure problems that were revealed during the diagnostic stage, while the other task force addresses 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 prior tracks of the program. Following their deliberations, these two task forces present their recommendations to top management for improving the organization's strategy-structure and reward system. Subsequently, these groups play a key role in helping to implement the recommended changes.

STAGE 4: IMPLEMENTING THE TRACKS

It is one thing to schedule the five tracks but quite another to adjust the schedule as the tracks are being implemented. The plan *never* takes place exactly as intended – there are always surprises. Human nature and human systems do not lend themselves to an entirely predictable path. Besides, if people feel they are being programmed in any way, they may purposely do something illogical or unexpected just to show how independent they really are.

The key issue throughout implementation, therefore, is flexibility. As the schedule is implemented, the managers and consultants must look for cues, take suggestions and, in short, adapt. For example, special requests will be made for counseling sessions, feedback sessions for staff meetings, additional culture sessions, more management-skills training, and so forth. In each case, managers and consultants must consider the request and respond according to their principles and their sense of what will work.

The detailed methods – techniques, instruments, and procedures – for implementing each of the five tracks in a flexible, adaptive manner are provided in my book: *Managing Beyond the Quick Fix*. The following discussion, therefore, only presents some general approaches for managing the implementation process.

A "shadow" track (running parallel to all the five tracks) is recommended to ensure the successful implementation of the program; this track places primary responsibility for the program on the shoulders of the "shadow" group. This group of approximately ten to 15 employees mostly senior executives but also members of other levels and areas in the organization, meets regularly to monitor the program and discover ways of improving the whole process of implementation. The shadow group is encouraged to be as proactive and imaginative as possible in making sure that the program succeeds.

A fundamental issue that always arises during implementation is whether employees will take personal responsibility for change. Even after having participated in several workshops on culture and management skills, employees often keep waiting for something to happen: "My boss still doesn't keep me informed of what goes on." "The other groups still don't cooperate with us." "My staff still doesn't complete work on time." "When will this organization change?"

Julian Rotter's distinction between internal and external control is exceedingly useful in challenging employees to look at themselves rather than point the finger at others. *External control* is when people believe that what happens to them is determined by outside forces (luck, politics, other people's behavior). *Internal control* is when people believe that what happens to them is determined by what they do (their own decisions, attitudes, behavior). Naturally, internal control helps people take responsibility for change; external control shifts all the attention to someone else.

Who *is* the source of organizational change? Discussions of this question, usually during the first two tracks of the program, translate into action when they are supplemented by this exercise: First, each person lists the things he or she has done differently since the improvement program began. Then each employee shares this list with the rest of the work group members. Next each member asks coworkers if they have witnessed what he claims. If they have not observed these changes, the member must be prepared to act on his good intentions — to demonstrate internal control and personal responsibility for change. Gradually, employees begin to talk about their experiences in a very different way from before: "I've convinced my boss that I can do a better job if I know more about her priorities." "I've spent more time getting to know the people in other departments." "I now tell my staff the reasons why I need something done on a given date." "This organization is really changing!"

After a number of months go by, it will become increasingly apparent that the employees have 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-building 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 — for both present and future members.

How long will the process of implementation take? One can expect the first cycle of implementing all five 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 barriers to success are minimal. A program taking more than five years might be necessary for a large, older organization that must break with its past in practically every way. If the program were to take more than ten years, I would assume there was insufficient commitment over this time period — and hence no momentum for change to prevail.

"'Today, managers are realizing 'future shock' is upon them: They can no longer ignore the need for fundamental systemwide changes. Their entire organizations must be transformed into market-driven, innovative, and adaptive systems if they are to survive and prosper in the highly competitive, global environment of the next decades. As organizations gear up to greet the 1990s, many are beginning to face this urgent need to rejuvenate the vision and practice of organization development: to supply systemwide programs of planned change."

STAGE 5: EVALUATING THE RESULTS

One reason for evaluating the results of the program is to improve the implementation process for the remaining units. The shadow group should keep a close watch on the pilot project so that new insights and methods can be adopted as one unit after another embarks on the path of planned change.

Planned change is never complete. Thus a second reason for evaluation is to discover barriers that still need attention. An evaluation might reveal, for example, the need to improve the culture in a few of the more troublesome work groups. Or, if new managers enter an organizational unit after most of the program has been implemented, additional skill-training sessions can be conducted to bring the new managers up to speed with the rest of the membership. Typically, cycling through the stages of planned change a second or third time, as guided by the evaluation stage, is a process of fine tuning (incremental change) rather than corporate transformation (revolutionary change).

Both the first and second types of evaluation can be accomplished by engaging in another round of face-to-face interviews. If diagnostic interviews were the most effective way to learn about the organization's barriers (and channels) at the beginning of the program, the same approach can be applied again to assess what could have been done differently and to discover what still needs to be done to remove any remaining barriers to success. I find it useful to have internal consultants conduct these evaluation interviews rather than the external consultants who conducted the diagnostic interviews.

The third purpose for evaluation is to determine whether the program has acheived the intended results: improved organizational success. From the viewpoint of stakeholders—consumers, stockholders, suppliers, federal agencies, the community—one usually can suggest some "hard" outcome measures: returns on investments, earnings per share, profit, sales, number of clients served, market share, budget increases, number of patents and new products, new contracts and orders, productivity gains, and so on. Making a before-and-after comparison on any of these measures should provide a solid basis for assessing the program's impact. If the whole endeavor was successful, the differences in these measures should be evident—or so the argument goes.

While these bottom-line measures certainly can be convincing, one has to recognize their limitations. One should not overlook the time lag between decisions and actions on the one hand and performance on the other. Some of the bottom-line measures will not be affected until months or years after a key decision has been made. Improved decision making that results in new approaches to product development is an example of a result that will take years to be felt. If the before-and-after comparisons are made right after the improvement program has concluded, one cannot expect external stakeholders to notice any observable differences. Ironically, if such before-and-after comparisons were to suggest significant improvements (or declines), they probably would be spurious. Only if these measurements are made over a long enough period of time—a period in which *true* effects can be expected—can one take the results of such an "objective" evaluation seriously.

THE NEW BOTTOM LINE

While the five stages of planned change are certainly complex, so are the problems that this program is designed to resolve. A completely integrated program must be able to affect every controllable variable in the organization, not just one or two. At the same time, if the whole program is not initiated properly with top management's support and if the organization's problems are not diagnosed correctly, the program cannot produce its potential benefits. Moreover, the program's implementation must be *integrated* and *flexible*. Attempting to shortcut a program for planned change would do the field of organizational development—and the organization in question—a great disservice.

SELECTED BIBLIOGRAPHY

This article is adapted from *Managing Beyond the Quick Fix* by Ralph H. Kilmann (Jossey-Bass, 1989). Other books by Kilmann that contain various approaches to large-scale organizational change include *Gaining Control of the Corporate Culture* (Jossey-Bass, 1985) and *Corporate Transformation* (Jossey-Bass, 1988).

Related discussions on the general topic of systemwide change, can be found in *Organization Change and Development: A Systems View* by Michael Beer (Goodyear, 1980); *The Planning of Change* by Warren G. Bennis, Kenneth D. Benne, and Robert Chin (Holt, Rinehart & Winston, 1976); *Organization Development: Behavioral Science Interventions for Organization Improvement* by Wendell L. French and Charles H. Bell (Prentice-Hall, 1978); *Managing Strategic Change: Technical, Political, and Cultural Dynamics* by Noel M. Tichy (Wiley, 1983). Perhaps one of the most significant contributions on the topic of large-scale change is Richard Beckhard and Rubin Harris's *Organizational Transitions: Managing Complex Change* (Addison-Wesley, 1977).

Regarding the five stages of planned change, the following sources are recommended for further reading. The first stage, initiating the program, is typically spearheaded by a "transformational leader" or a small group of key advocates of organizational improvement as described in "The Leadership Challenge—A Call for the Transformational Leader," by Noel M. Tichy and David Ulrich (*Sloan Management Review*, Fall 1984). The second stage, diagnosing the problems, is examined very systematically in *Organizational Diagnosis* by Harry Levinson (Harvard University Press, 1972). The third stage, scheduling interventions (with the intention of spreading change), is addressed most explicitly by Richard Walton's "The Diffusion of New Work Structures: Explaining Why Success Didn't Take" (*Organizational Dynamics*, Winter 1975). The fourth stage, implementing the interventions, is documented most thoroughly in *Organization Development and Change* by Edgar Huse (West, 1980), as supported by the crucial ingredient of assuming personal responsibility for change: "External Control and Internal Control," by Julian B. Rotter (*Psychology Today*, June 1971). The fifth stage, evaluating the results, is explored in classic form by C. Weiss in *Evaluation Research* (Prentice-Hall, 1972).

Regarding each of the five tracks (the core of the completely integrated program), the following sources are recommended for further reading. For the culture track, see Robert F. Allen and Charlotte Kraft's *The Organizational Unconscious: How to Create the Corporate Culture You Want and Need* (Prentice-Hall, 1982). For the management skills track, see Richard O. Mason and Ian I. Mitroff's *Challenging Strategic Planning Assumptions: Theory, Cases, and Techniques* (John Wiley & Sons, Inc., 1981). For the team-building track, see William G. Dyer's *Team Building Issues and Alternatives* (Addison-Wesley, 1977). For the strategy-structure track, see Jay Galbraith's *Designing Complex Organizations* (Addison-Wesley, 1973). For the reward system track, see Edward E. Lawler's *Pay and Organizational Development* (Addison-Wesley, 1981).