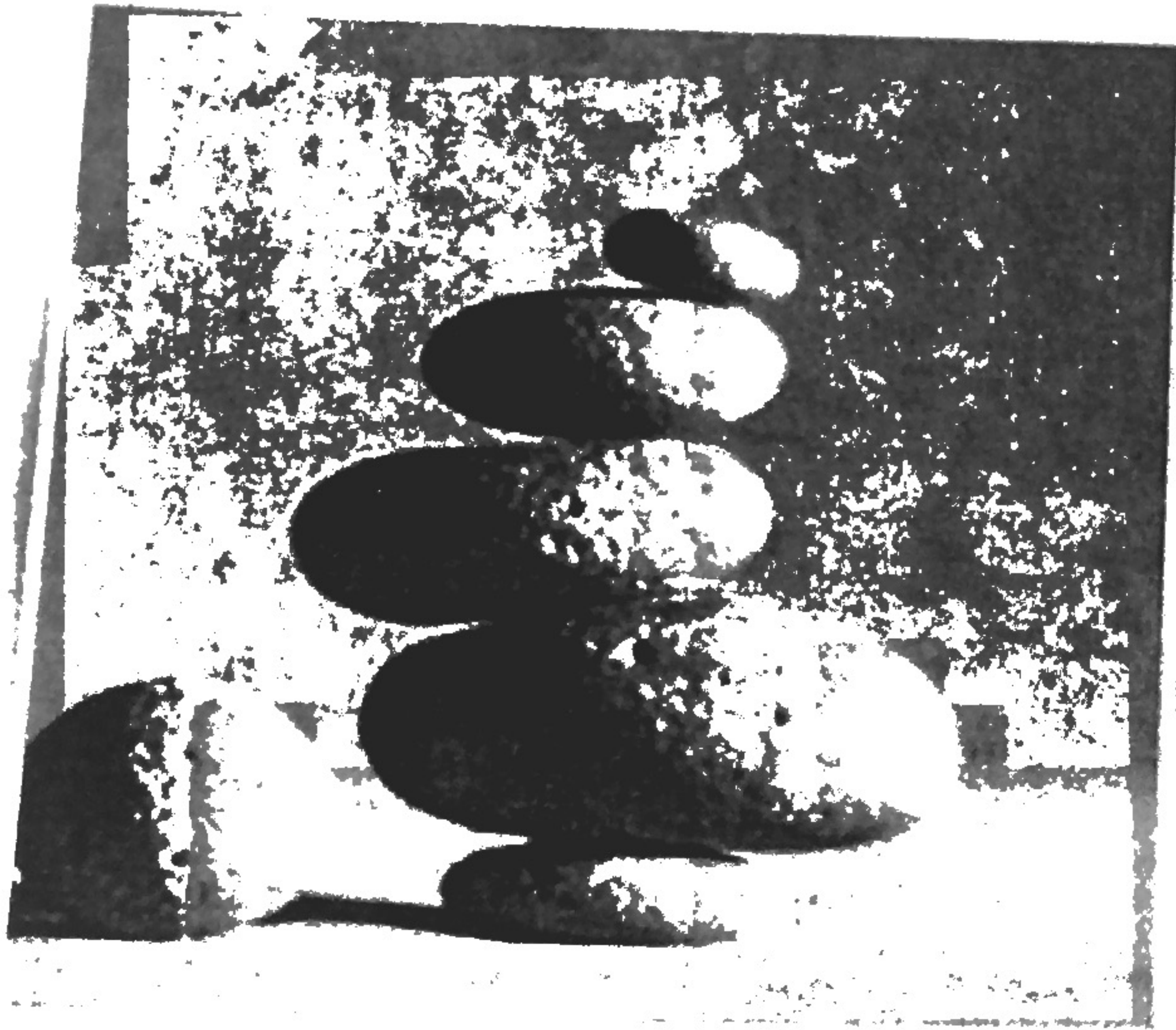


Organizational Development

Organizational growth strategies, performance management, individual and organizational learning, change management, competency-based management, and organizational culture and leadership.

OD Models to Support the Transformational Change Process



Abstract

This literature review examines various OD methodologies to select the most appropriate given the characteristics of the change process, the organization's culture, and the strengths and areas of opportunity

identified. The analysis reviews different OD models and tools for the entire OD process, starting with the entry and contracting phase, to continue with the organizational diagnosis phase, later, the selection of the OD intervention, and lastly the evaluation of impact and results phase.

Organizational development

OD aims at improving the results at the organization, group and individual levels. Robbins (2003), states that OD should increase performance at organizational and individual levels "OD... it's a term used to encompass a collection of planned-change interventions built on humanistic-democratic values that seek to improve organizational effectiveness and employee well being" (p. 566).

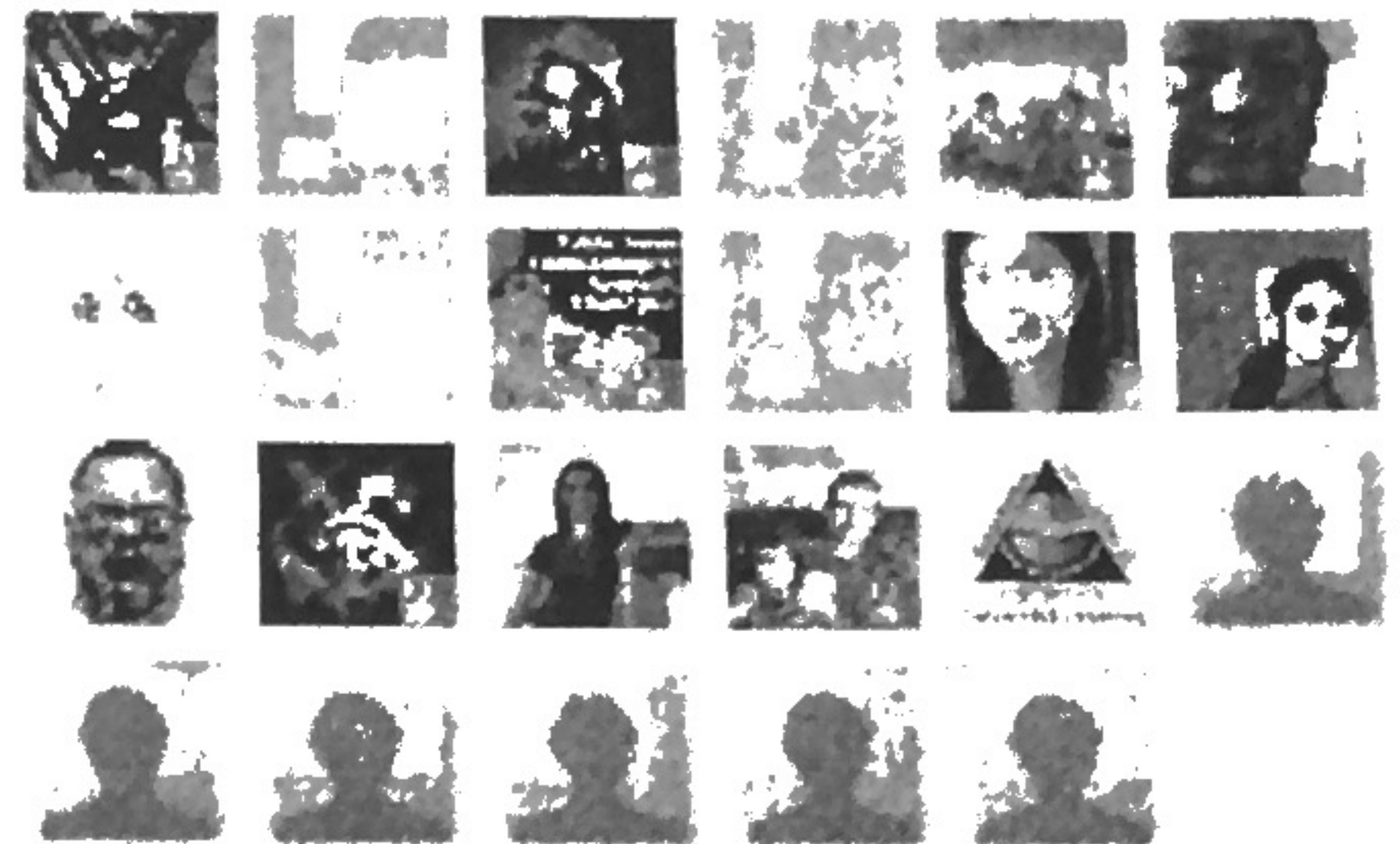
French and Bell (1999), provide a more comprehensive definition that includes the role of top management, and the use of applied behavioral science methodologies and tools to improve the organization's ability to visioning, empowering, learning and solving problems. "Organizational development is a long-term effort, led and supported by top management, to improve an organization's visioning, empowerment, learning, and problem-solving processes, through an ongoing, collaborative management of organizational culture -with

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special emphasis on the culture or intact work teams and other team configurations –using the consultant-facilitator role and the theory and technology of applied behavioral science, including action research” (p. 25-26).

Another important consideration when implementing OD interventions is to attend two important, yet complementary perspectives: the task and the process. French and Bell examine three different models for managing OD interventions: Burke's seven phase model which includes activities for the entry, contracting, and diagnosis, feedback, planning change, intervention, and evaluation phases.

Cummins and Worley emphasize the identification of key ingredients of successful change efforts, and describe a five phases model to effectively managing change processes “1) motivating change, 2) creating a vision, 3) developing political support, 4) managing the transition, and 5) sustaining momentum. Lastly, the authors analyzed the change management handbook developed by Berger, Sikora, and Berger for better aligning the organization's socio-technical elements. The authors consider the process of managing change as the continuous alignment of the organization with the market to be more effective than competitors: “Aligning is the continuous synchronization of four key management levers –strategy, operations, culture, and reward” (p. 124).

Entry and contracting

Any OD intervention should clearly define the intervention's goals, scope, and main expectations of key stakeholders. Lippitt and Lippitt (1986) describe six phases to effectively manage the entry and contracting phase in a consultant-client working relationship; “1) Engaging in initial contact and entry, 2) formulating a contract and establishing a helping relationship, 3) Identifying problems through diagnostic analysis, 4) setting goals and planning for action, 5) taking action and cycling feedback, and 6) competing the contract (continuity, support, and termination)” (p.11). Instead of offering a step-by step process,

French and Bell (1999) emphasize that contracting is repetitive, continually renewable, and should cover the psychological and financial aspects. Moreover, the authors suggest clarifying and agreeing on the intervention's conditions, ground rules, deliverables, and price. Additionally, to ensure a successful consultant-client relationship, the authors suggest paying particular attention to trust issues, and five ethical dilemmas: “(1) Misrepresentation and collusion, (2) misuse of data, (3) manipulation and coercion, (4) value and goal conflicts, and (5) technical ineptness”. (p. 266). The analysis of information suggests paying special attention to the clarification of goals, and expectation in any OD intervention, furthermore, given the high visibility of the client, and the recent public scandals, any consultant-client relationship must address trust issues and ethical dilemmas.

Organizational diagnosis and assessment



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literature suggests identifying the most appropriate models and tools to conduct the organizational diagnosis and assessment. Harrison and Shirom (1999) propose the use of the sharp-image diagnosis to examine the organization as a whole, and later focusing on specific areas or issues. "...practitioners of sharp-image diagnosis start with a broad scan of an organization but then select core problems and organizational challenges for a close up examination" (p. 18).

Additionally, the authors emphasize on the need to use the open systems (OS) framework to guide the initial phases of the organizational diagnosis, and then move to a specific areas of analysis. The OS frame which includes various components -inputs, outputs, systems processing, the environment, structure, culture, and systems dynamics, may be applied at organization, group and individual levels. "The OS framework can help practitioners of diagnosis develop a broad overview of the focal organization and its challenges" (p. 48). Furthermore, Harrison and Shirom (1999) encourage the need to conduct targeted assessments to further findings of the organizational diagnosis. "...the term assessment refers to more narrowly focused examinations, whereas diagnosis is reserved for the preliminary stage of diagnosing basic problems and challenges" (p. 183).

OD interventions

An articulated OD intervention should address key issues identified during the diagnosis phase, and should be consistent with the organization's culture and objectives. Schein (1992) sustains that the analysis of organizational culture is a prerequisite to implement successful OD interventions "Organizational learning, development, and planned change cannot be understood without considering culture as the primary source of resistance to change" (p.xiv).

Moreover, Schein emphasizes that planned change processes must be managed by the top, highlighting the attention of power issues, and the management of the organizational subcultures. "Much of the work of organizational development practitioners deals with knitting together diverse and sometimes warring subcultures, helping leaders, the dominant coalition, or the whole managerial subculture client figure out how to integrate constructively the multiple agendas of different groups" (p. 316). Additionally, the author mentions that leaders play an important role to embed their assumptions on a work group, and therefore in the creation of a new culture. He sustains that in mature organizations, people start reflecting on what has worked in the past instead of the primary agenda of the leader.

Furthermore, to effectively manage a cultural change, Schein suggests working on six mechanisms to embed the leader's assumptions on the organizational culture. These six elements are: 1) the areas where leaders pay attention to and reward, 2) how the leader allocate resources, 3) the modeling behavior, 4) how the leader deals with critical incidents, 5) the criteria the leader use for recruitment, selection, promotion, and 6) the way a leader communicates.

Additionally, and contrary to common organizational practices, Schein suggests to focus on secondary mechanisms to reinforce the desired culture, among them the following: 1) the organization design, and structure, 2) the organizational systems and procedures, 3) the organizational rites and rituals, 4) the design of physical space, facades, 5) the stories, legends, and myths about people and events, and 6) the formal statements of organizational philosophy, values, and creed. Additionally, to the understanding of organizational culture, OD interventions should use specific OD models and tools to manage resistance, engage key stakeholders, and develop internal capabilities.

Bridges (1991, 2003) provides useful advice to manage the period of uncertainty in any change process. He advocates the management of the transition process, the "three-phased process that people go through as they internalize and come to terms with the details of the new situation that the change brings about" (p. 3). Strebel (1996) considers that most change initiatives lack the attention of personal compacts: the reciprocal obligations and commitments made by employees and organizations.

The author classifies personal compacts in three dimensions: formal dimension, which relates to the understanding of new functions and responsibilities, the psychological dimension, which addresses elements of mutual expectation and reciprocal commitment, and the social dimension which relates to the alignment of stated values and mission and the company's practices and management's attitudes towards them.

Literature analysis for OD interventions at organizational and group levels, also indicate the need to implement a collaborative and participative approach. French & Bell (1999) examine large scale, group, and individual OD interventions, emphasizing that confrontation meeting and strategic management activities are better suited for management groups, while future search conferences are better suited for a wide spectrum of organizational stakeholders.

Additionally, French and Bell advocate the appreciative inquiry (AI) method to focus on the strengths of the organization and future things that are valued by its members. Furthermore, Hammond (1996) promotes the use of AI to look into the future while accentuating positive aspects of the organization, "Appreciative inquiry suggests that we look for what works in an organization. The tangible results of the inquiry process are a series of statements that describes where the organization wants to be, based on the high moments of where they have been. Statements are grounded in real experience and history, people know how to repeat their success" (p.7).

AI uses a summit to engage participants in a collaborative process to discover what the organization has done to be successful in the past; subsequently participants collectively dream about the new future, and later design the specific strategies and objectives to achieve the

Additionally, AI helps to gain the commitment of people to advance the implementation phase, "Through a workshop format, the participants stir up memories of energizing moments of success creating a new energy that is positive and synergistic. Participants walk away with a sense of commitment, confidence, and affirmation that they have been successful" (p.7) Marquardt (1999) propose action learning, a methodology to find practical solutions for problems, while enhancing the team's ability to learn. "Simply described, action learning is both a process and a powerful program that involves a small group of people solving real problems while at the same time focusing on what they are learning and how their learning can benefit each group member and the organization as a whole" (p. 4)

Contrary to the collective and provocative AI method, Kotter & Cohen (2002) advocate a 8 step methodology to manage organizational change: "Increase urgency, build the guiding team, get the vision right, communicate for buy-in, empower action, create short term wins, don't let up, make changes stick" (p. 7).

Senge (1990) promotes a systemic and interrelated approach to manage change in organizations, while transforming them into learning organizations. Senge explains that organizations face learning disabilities that affect their capacity to continually learn, and transform. These learning disabilities result in lack of flexibility to adapt to new demands, incompetence to critically analyze internal performance, failure to correct behavior, and ineffectiveness to implement deep and sustained changes. To correct those learning disabilities, Senge proposes the use and practice of five disciplines: personal mastery, mental models, shared vision, team learning, and systems thinking. According to Senge (1990) a learning organization is "an organization that is continually expanding its capacity to create its future" (p. 14). Furthermore, Senge, Kleiner, Roberts, Ross & Smith (1992) provide practical examples and case studies to guide companies in their transformation to learning organizations.

Another important element for consideration in the implementation of OD interventions is the definition of a dedicated team to work full time in the implementation with specific roles, and objectives. Moss Kanter, Stein & Jick (1992), define three key roles in a change intervention: a) the strategist, a role reserved for visionary leaders, whose main function is to identify the need for change and create the conditions to make it happen, b) the change implementer who will develop the required strategies and plans to execute change initiatives, manage resistances and make changes happen, and c) the role of change recipients that represent the vast variety of individuals that must adapt and adopt new changes. As literature suggests OD interventions vary from a large-scale, group, and individual approaches.

Therefore, any change intervention should employ a combination of OD models and tools best suited for the culture of the organization, the characteristics of the change process, and past experiences.

Additionally, the intervention should pay attention to the psychological and emotional elements that people go through as they internalize the change process. Furthermore, the use of Kotter & Cohen's 8 step change management process model will provide an effective framework to target deliberate change efforts to effectively alter individual, group and organizational performance.

Measuring results and impact of OD interventions

Processes utilized for measuring results and impact of OD interventions range from the analysis of qualitative elements such as the adherence to a company's policies and processes, to more elaborated approaches, such as cost-benefits analysis, and the use of quantitative and qualitative metrics, balanced scorecards, and sophisticated models to determine the return of investment.

Herman, and Renz (1998) examine approaches used by nonprofit organizations to measure their results. They identified the adherence to policies and procedures to measure the achievement of the nonprofit organization's outcomes. "Institutional theory predicts that when outcomes are difficult to measure, organizations are likely to emphasize following approved procedures to achieve or maintain their legitimacy (p. 29). The authors conducted a study to determine the relationship between board effectiveness and organizational effectiveness. Among the effectiveness measures cited by senior executives of nonprofit organizations were the following: its mission statement, the use of a form to measure client satisfaction, organization's planning documents, the use of a performance appraisal form, by-laws containing a statement of purpose, etc.

Sawhill, J. & Williamson D. (2001) reviewed the model for measuring performance in the nature conservancy consisting of three broad areas: impact, activity and capacity. The authors conclude the importance of strategic alignment for the nature conservancy "An integrated system of performance measures is no substitute for a compelling mission, uplifting vision, clear goals, and innovative strategies. It would be a serious error to imagine that a nonprofit can develop effective measures in the absence of strategic alignment" (p. 385)

Berry, Fisk, and Zimmerman (1997) suggest the use of a more objective measurement approach to identify the value of a defined program and make a decision: a cost-benefits analysis. "Cost-benefit analysis consists of three steps: calculate costs, calculate benefits, and compare results....In short, cost-benefits analysis helps trainers and managers decide what to do.." (p. 143).

Kaplan and Norton D. (1996) propose the use of quantitative and qualitative elements in the evaluation process. They advocate the use of the balanced scorecard to translate strategy into action. The authors state that the balanced scorecard is a management system to channel the energies, abilities, and specific knowledge held by people throughout the organization toward achieving long-term strategic goals. Furthermore, Kaplan (2001) reveals that nonprofit organizations

track financial measures to track their performance.

After an elaborated literature review on the topic, Kaplan recommends the use of balanced scorecard for managing nonprofit organizations "Thus, the literature concurs with the need to articulate a multidimensional framework for measuring and managing nonprofit effectiveness. This scorecard would seem to provide just such a framework". (p. 357).

Additionally, Kaplan emphasizes the importance of aligning strategy with performance measurement "Strategy and performance measurement should focus on what output and outcomes the organization intends to achieve, not what programs and initiatives are being implemented" (p. 357). He sustains that the use of the balanced scorecard in nonprofit organizations helps align staff's day-to-day activities with the organization's mission and key initiatives "The balanced scorecard has enabled the nonprofit organizations to bridge the gap between vague mission and strategy statements and day-to-day operational actions" (p.369) The model uses 4 key perspectives with specific objectives, metrics, targets, and initiatives.

The financial perspective includes examples applicable to nonprofit organizations, such as net amount of funds raised, or the improvement in net asset and liquidity to support new service development. The customer perspective includes satisfaction and retention of clients, and market growth. The learning and growth perspective has objectives and metrics to improve training, career development, and employee retention. The internal perspective contains research and development activities to support the achievement of the organization's mission, and to improve client satisfaction and retention.

Following the line of sophisticated measurement systems, Phillips (1994) declares that although top management requires more sophisticated calculations such as return of investment (ROI), only a few programs should be measured using ROI because of complexity of the evaluation. "In the ROI formula the costs of a program are subtracted from the total benefits to produce the net benefits, which are then divided by the costs" (p. 12). Additionally, the author sustains that OD programs are among the most difficult HRD programs to evaluate, because the several factors included.

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