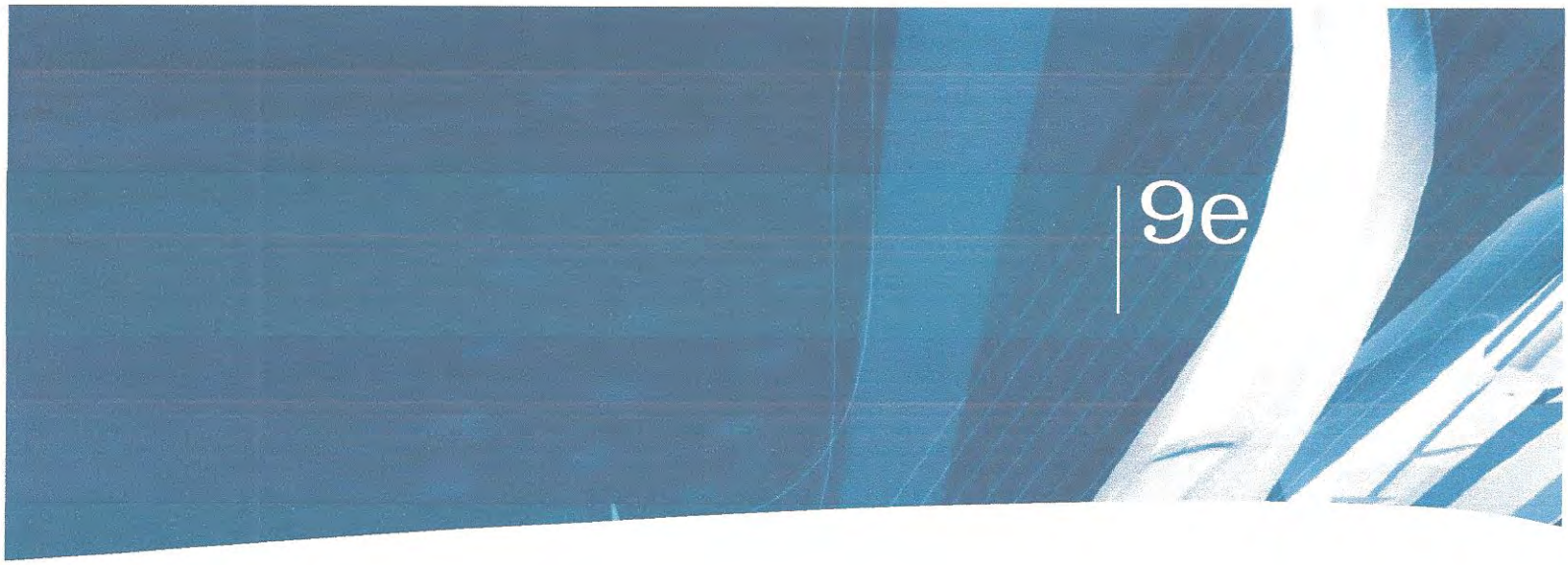

Organization Development & Change

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Organization Development & Change, 9th Edition

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Library of Congress Control Number: 1234567890

Student Edition ISBN 13: 978-0-324-42138-5
Student Edition ISBN 10: 0-324-42138-9
Instructor's Edition ISBN 13: 978-0-324-58054-9
Instructor's Edition ISBN 10: 0-324-58058-1

South-Western Cengage Learning
5191 Natorp Boulevard
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Ben & Jerry's (A): Team Development Intervention

"Two real guys," Ben Cohen and Jerry Greenfield, head Ben & Jerry's Homemade Inc., an independent ice cream producer that has gained market share and public approbation against industry competitors Häagen-Dazs (made by Pillsbury), Frusen Glädjé (made by Kraft), and Steve's. The story of the founders has a romantic, antiestablishment quality to it that reads like a new-age entrepreneur's dream.

The "boys," childhood friends, each dropped out of college in the late '60s, worked at odd jobs for a time, and together opened a small ice cream scoop shop in Burlington, Vermont, in 1978 with scant know-how (they learned ice-cream making through a $5 correspondence course) and less capital (they started with $12,000—a third of it borrowed). But they had something else going for them: a combination of old fashioned values and new-fangled ideas.

Neither Ben nor Jerry had any intention of becoming businessmen. From the start, however, both were committed to making the best ice cream possible and to having fun while doing it. More than this, these "self-styled Vermont hippies," as the press calls them, were committed to the simple notion that business draws from the community and is obliged to give something back to it. In the early days, this meant giving away ice cream to loyal customers and worthy charities. As the company grew to sales of near $50 million, B&J's embraced what it calls a *social mission* to improve the quality of life—not only of employees, but also locally, nationally, and internationally—and to do so in an innovative and upbeat way.

The economics of B&J's show fast-track growth over the past several years characteristic of very successful startup companies (see Exhibit 1 from the 1988 annual report). Sales doubled annually from 1984 to 1986 and increased nearly 50 percent from 1987 to 1988. The company is today the super-premium market leader in Boston and New York City and distributes its products in grocery stores and mom-and-pop convenience outlets in Florida, the West Coast, and parts of the Midwest. Some 80 franchises operate scoop shops in these markets, and the company's "pints" manufacturing facility and headquarters in Burlington have become Vermont's second-largest tourist attraction with over 600,000 visitors annually.

In addition to expanding this facility, B&J's recently built a novelty plant in Springfield, Vermont, to manufacture ice-cream brownie bars and stick pops and leased space to house its marketing, franchising, promotion, and art departments. Today, over 350 people work at B&J's. Production runs around the clock, staffed by a few dairy experts and many more offbeat people who gravitated to the company because of competitive wages, its funky image, and its social mission. Among the production staff is a team of handicapped employees who have distinct and important responsibilities.

The product side of B&J's blends what *Time* magazine calls "incredibly delicious" ice cream. The story goes that Ben has deficient taste buds, so products have to be particularly pungent to stir his palate. This means "double-fudge" and "big-chunk" add-ins to the ice cream. Funky flavors, like "Cherry Garcia," an assortment of T-shirts, Vermont "cow" paraphernalia, and wacky promotions all make word-of-mouth marketing the key to B&J's commercial success. And, yes, the founders insist on having fun. At annual meetings, Jerry, trained in carnival tricks, uses

[Exhibit 1]

Annual Report 1988: A Report to Shareholders, Customers, Community Members, Suppliers, and Employees

Five Year Financial Highlights (in thousands except per share data)
Summary of Operations:

	Year Ended December 31				
	1988	*1987*	*1986*	*1985*	*1984*
Net sales	$47,561	$31,838	$19,954	$9,858	$4,115
Cost of sales	33,935	22,673	14,144	7,321	2,949
Gross profit	13,627	9,165	5,810	2,537	1,166
Selling, delivery and administrative expenses	10,655	6,774	4,101	1,812	822
Operating income	2,972	2,391	1,709	725	344
Other income (expense)—net	(274)	305	208	(31)	(13)
Income before income taxes	2,698	2,696	1,917	694	331
Income taxes	1,079	1,251	901	143	118
Net income	1,618	1,445	1,016	551	213
Net income per common share (1)	$.63	$.56	$.40	$.28	$.12
Average common shares outstanding (1)	2,579	2,572	2,565	1,991	1,724

Balance Sheet Data:

	Year Ended December 31				
	1988	*1987*	*1986*	*1985*	*1984*
Working capital	$5,614	$3,902	$3,678	$4,955	$676
Total assets	26,307	20,160	12,805	11,076	3,894
Long-term debt	9,670	8,330	2,442	2,582	2,102
Stockholders' equity (2)	11,245	9,231	7,758	6,683	1,068

(1) The per share amounts and average shares outstanding have been adjusted for the effects of all stock splits, including stock splits in the form of stock dividends.
(2) No cash dividends have been declared or paid by the company on its capital stock since the company's organization and none are presently contemplated.

a sledgehammer to break a cement block over the stomach of the mystical "Habeeni Ben Coheeni."

It is, however, the social mission of B&J's that most distinguishes it from corporate America. The good works of the company are many and range from regular donations to community and social action groups to a commitment to buy only Vermont-based cream from area dairy cooperatives. B&J's embraces socially responsible marketing and has proposed to "adopt a stop" in the New York subway system (which the company would clean and maintain in lieu of advertising) and begun an innovative joint

venture with the Knowledge Society in the Soviet Union.

Recently, the company introduced "Peace Pops" as part of the "1% for Peace Campaign." This effort is aimed at encouraging other businesses to join a movement urging the government to devote one percent of the defense budget explicitly to peaceful purposes. A new product featuring Brazilian nuts obtained at above-fair-market price from native Brazilians is further evidence of the founders' social commitments.

INNOVATING INSIDE OF B&J'S

Ben and Jerry have been at the edge of innovation since the company went public. Rather than seeking venture capital to expand the business, they drew up a stock prospectus on their own and sold shares to Vermonters door to door. One in every 100 Vermont families bought in to the tune of $750,000. When Häagen-Dazs tried to pressure shopkeepers to keep "Vermont's finest" off their shelves, Ben and Jerry started a grass-roots campaign against Pillsbury replete with bumper stickers (What's the Doughboy afraid of?) and a one-person picket line (Jerry) at the Pillsbury headquarters.

Ben and Jerry have tried to introduce this same funky and socially responsible orientation inside the company. The company's mission and many of its policies and practices (see Exhibit 2) reflect the upbeat and caring values of the founders. A policy of "linked prosperity" ensures that 7.5 percent of pretax profits go to good works and five percent is returned to employees via profit sharing. The salary ratio between the top paid and least paid in B&J's is set at five to one. This means, if managers want to earn more, they have to increase the base wage throughout the company.

Employees come in all shapes and sizes. Most are young (under 30) and many have responsibilities well beyond their experience. It is a matter of pride to all that B&Jer's can speak, act, and dress "like themselves." Still, the work is demanding and the pace frenetic. The production room is often awash in cream, and the freezer crew works in chilling conditions. There is nothing akin to market research in the company, demand is fluid and unpredictable, and when I first arrived on the scene, the franchising and sales managers weren't communicating with each other and neither paid attention to the marketing director.

In 1987, it became evident to Ben and Jerry, as well as to managers and employees, that the company's external image—of funk, fun, and love—was out of sync with the atmosphere inside the company. The company was always short on ice cream and long on hours, pressure, and problems. The author was commissioned to work with the founders and board of directors and with the management and work force of the company to undertake organizational development and bring people, functions, aspirations, and directions together.

ENTRY

Henry Morgan, former dean of the School of Management at Boston University and board member at B&J's, contacted me about this project. Henry comes from a long line of New England activists deeply committed to the improvement of the human condition. His family lineage traces to Hawaii where ancestors were missionaries, and Henry has had a career as an entrepreneur, management innovator, and social investor. In addition to his membership on B&J's board, he is active on other boards and is a leader in the Council of Economic Priorities' efforts to promote corporate social responsibility.

Entry through Henry, however, posed some risks. For example, like Henry, I was an outsider coming into B&J's where the emphasis, to this point, had been on "homegrown" innovation. Ben, Jerry, and Jeff Furman, an attorney and longtime B&J's counsel, had

[Exhibit 2]

Ben & Jerry's Mission and Operating Principles

Ben & Jerry's, a Vermont-based ice-cream producer, is dedicated to the creation and demonstration of a new corporate concept of linked prosperity. The company has three central missions and several key operating principles.

Three Missions

Product Mission: To make, distribute, and sell the finest quality all natural ice cream and related products in a wide variety of innovative flavors made from Vermont dairy products.

Economic Mission: To operate the company on a sound financial basis of profitable growth, increasing value for our shareholders and creating career opportunities and financial rewards for our employees.

Social Mission: To recognize the central role that business plays in the structure of society by seeking innovative ways to improve the quality of life for a broad community—local, national, and international.

Operating Principles

Linked Prosperity: "As the company prospers, the community and our people prosper." 7.5% of pretax profits go to the Ben & Jerry's Foundation for distribution to community groups and charities. Five percent of profits are put into a profit-sharing plan. Five to one salary ratio between top management and entry-level production workers. To raise top pay, raise the bottom up.

Community Development: "Business has the responsibility to give back to the community." Donations of ice cream by request to all Vermont non-profit organizations. Leveraged assistance where B&J will help non-profits stage fund-raisers selling Vermont's finest ice cream.

Ownership Perspective: "Everybody is an owner." Employee stock ownership, stock grants, and stock purchase plan. All-company "town meetings" monthly.

Integrity: "Two real guys." All natural products. Commitment to Vermont Dairy Cooperatives. "What you see is what you get." People can speak, act, and dress as they wish.

Work Hard/Have Fun: "Bend over backwards." Pledge to meet orders, satisfy customers, make things right for people. "If it's not fun, why do it?" Company celebrations. Jerry's Joy Committee to spread joy in the workplace.

Human Activism/Social Change: "A model for other businesses." One percent for Peace Campaign. Socially responsible marketing. Joint ventures in Israel and Moscow to spread goodwill.

crafted the company's innovative employment and investment policies. It was unclear to me what these three really wanted from an OD program. Was I being brought in to get management "aligned" behind the founders' guiding precepts as a phone conversation with Ben intimated? Or were the precepts themselves open to question and modification via management and employee input? If so, did it require an outsider to stimulate this reexamination? Or was I being set up?

To complicate matters, there was a division in the board of directors. Ben, Jerry, and Jeff were rather more "far out" in their aspirations for the company, particularly in comparison to the more conservative general manager, Fred "Chico" Lager. The former anticipated an outpouring of good vibes once "people power" was unleashed. Chico had more everyday concerns: feuding between management, unclear lines of authority and responsibility, a lack of operational control. More specifically,

as an example, a freezer door was broken and neither the freezer, nor maintenance, nor production managers claimed ownership of the problem or took responsibility to see that it was fixed. That, to him, was symptomatic of an undeveloped organization.

Finally, there was the matter of defining OD. Neither Ben nor Jerry nor the board had any inkling about what OD is and what OD people do. I had to educate them about the field and make some kind of action proposal. This would mean getting to know people, getting a handle on their hopes and their problems, and learning something about the icecream business and conditions in the marketplace. Where to start? I went to a board meeting to check out members' hopes for organization development and what they wanted from me.

FIRST BOARD MEETING

Ben

> I want our people to love their work and have positive feelings about the company. Love, soul, kindness, consideration, generosity, fairness, heart.

Jerry

> I want a feeling of togetherness and family feeling ... I'd like staff to feel it was their company.

Jeff

> I'd like to see spirit and energy to make a difference in the world ... plant seeds of new and different possibilities of looking at our culture and world. Not corporate America.

Chico

> Something special and unique that is making new ground, that will be studied and appreciated years to come.

Henry

> More open communication, listening at the top. More buy-in to shared values. Showing respect for the individual.

Merritt

> Awakened enthusiasm, accomplishment, high morale.

At this first meeting, I asked board members to state their vision of the ideal organization and hopes for the OD effort. Ben and Jerry talked of peace, love, family feeling, and good vibes. Jeff was on a different wavelength: He articulated a political vision where B&J would be an exemplar of a radical new kind of organization. Chico spoke about innovativeness and excellence, without the radical chic or global emphasis. Henry's hopes were addressed to better human relations and human resource management. Merritt, another businessman cum board member, expressed similar sentiments.

I had the board members write their visions on sheets of paper, and then together we burned them to symbolize how energy and togetherness could transform things. Some chanting added to the ritual. It must have seemed a bit hokey to the board, but I have my own preferences and style of doing things and wanted to illustrate my own offbeat inclinations. In any case, Ben had offered me a wizard's hat to signify his vision of my role. The fire trick fit the costuming.

That night, however, I had some misgivings. It was clear that, when pressed, neither Ben, nor Jerry, nor any board member save Chico would provide the day-to-day leadership needed to move development through the organization. On the contrary, the founders wanted to hand off the responsibility to Chico and his to-be-formed management team. My job was to help bring that team into being and to ensure that the team took leadership of B&J's business and social missions. It was also to help bring the work force together in as-yet-undefined ways.

Should I start my work at the top? I had an inkling that the board was not aligned behind any one definition of Ben & Jerry's. However, the board was not, at this time, asking for assistance with its work nor could the members openly talk about problems within the group. The problems, in board members' eyes, rested within the organization. That made Chico and his team the natural focus of

intervention. Chico, at this time, had 20 managers reporting to him, with responsibilities ranging from running the manufacturing plant to handling orders for T-shirts and other B&J paraphernalia.

Still, I worried whether OD would directly reach the work force. If I worked from the top down, it might take months (years) to have a direct bearing on people's work lives. The production workers were full of ideas, I was told, and eager to become more involved. Maybe some form of quality-of-work-life program was in order wherein employees could take active responsibility for problem solving in their own areas of responsibility. My question: Were managers and supervisors ready for this?

The next step was to do some fact-finding in the company. I arranged with Chico to conduct interviews with all of his 20 managers, tour the plant, talk with production workers and sales personnel, and generally sniff around. That would lead to a diagnosis of the organization and an action proposal.

DIAGNOSIS

Three months of interviews with key managers and staff at B&J's showed the following areas of strength and concern in the company:

Strengths:

- High commitment to the company and its mission.
- Norms of honesty and straightforwardness.
- Smart and articulate management.
- High interest in growth and learning.
- Founders and general manager as role models.

The interviews affirmed the positive public side of B&J's: Managers and employees were wholly dedicated to the company. Many of the managers had left successful jobs in other companies to come to B&J's because of its funky atmosphere, freewheeling style, and socially responsible orientation. Some had taken salary cuts to come aboard. The managers were smart and each had his or her own view of how the company should develop. These views, taken together, pointed to a more participatory style of management with people charged with higher levels of responsibility. This would require more training, of managers and supervisors, in both technical and managerial areas. They would also need to get organized—with more clarity about who was doing what and why.

The interest was there. Everybody I spoke with was eager to learn more and get better at their jobs. The commitment was also there. Many professed deep feelings of connection to Ben and Jerry and were inspired by the chance to take "their company" and run it. They also looked to Chico to teach them the ins and outs and looked forward to working closely with him as part of the "management team."

Concerns:

- People and systems not keeping pace with growth.
- Lack of clear structure, roles, and teamwork.
- Lack of common mission, direction, priorities.
- People are stretched to the limit.
- Founders and general manager are both company's greatest strength *and* greatest weakness.

The roster of concerns shows that Ben & Jerry's was underorganized for handling the challenges posed by rapid growth in the marketplace and work force. Interviewees talked about the absence of clear goals and agreed-to priorities, problems of communication and coordination, tasks half-finished and new initiatives begun, then dropped. No one had the time to get on top of things or ensure follow-through.

Furthermore, the interviewees depicted the founders and general manager as both the company's greatest strength and its greatest weakness. To this point, Ben and Chico had access to the most relevant information and called most of the shots. But conflicts between the two were legend. Ben would push for better quality, faster flavor development,

funkier ads and promotions, while Chico would urge pragmatism, shuffle priorities, mediate tensions, and hawk expenses.

These two titans seemed to be omniscient: They handled hot problems and made all the right moves. But nobody knew how they worked things out or got things done. It was plain enough, however, that the to-be-formed management would have to set more of the direction, solve more of the problems, and develop systems for control and follow-through if participatory management and decentralization were to be accomplished. Furthermore, they would have to get closer to one another personally and develop more trust and confidence in one another, if family feeling and pride of ownership were to prevail.

Thus I pitched the OD effort at helping the board of directors to clarify the company's mission and to cede operating responsibilities to management. In turn, the board was to empower managers to run the company in a strong, unified, and responsible fashion. There were pragmatic issues to address: the managers did not see themselves as a team nor had they worked together to formulate goals and establish roles and responsibilities.

There were also matters of principle on the agenda: many managers had no prior experience leading a company so dedicated to social responsibility. Several, frankly, did not fully buy into socially oriented company policies, including the active association of the company with the 1% for Peace Campaign and the salary ratio of five to one between the highest and lowest paid members of the corporation. A few were chafing at the mandate of the founders to have "fun" at work while still achieving record rates of production at superior quality standards.

TEAMBUILDING VIA A RETREAT

The 20 managers and Chico went to an offsite retreat where all were blindfolded and roped together in their three work-related clusters and then charged with locating three inner tubes symbolically lashed together maybe 75 yards away. The members of each cluster shouted out instructions or demanded them, took stabs at leading and then pulled back in frustration, while the other groups stumbled along vainly searching for the "goal." One group finally located the tubes, then cheered for their own success and chided the other groups. This experience provided a window into current dynamics in the company and led us to examine teamwork, competition, and cooperation during the rest of the retreat.

Thereafter, the managers climbed ropes, worked on problem-solving initiatives, and trekked in the out of doors, all in the service of finding new ways to work with one another. One evening they talked about their personal lives and values through the medium of "mind maps." Everyone recorded on a silhouette the persons and events that had most shaped their character, how they wanted to be thought of in the company and by their peers, and what mark they wanted their life to leave behind. Several spoke of their scarring experiences in Vietnam, their poignant efforts to cope with family trials, the impact their mothers, fathers, and now their spouses and children had on them. Many cried. There were hugs and cheers.

The next evening, the clusters had the opportunity to put on skits about their part of the organization. The manufacturing cluster drew from a popular game show to show their peers the "jeopardy" involved in making high-volume, high-quality foodstuffs. The marketing and sales group selected a member to wear the beard of one of the founders and joined him in songs and dance about the foibles of competing with less socially responsible companies and the seeming folly of having fun at work.

The search for the inner tubes was repeated at the end of the retreat. The groups quickly joined forces with the others to analyze the problem, work out a plan, figure out roles and

responsibilities, and establish procedures to stay in touch with one another. They reached the goal in one third of the time. The retreat concluded with each attendee selecting a "totem" to represent his or her experiences and developing a personal action plan to be implemented in the months ahead.

WHY TEAMBUILDING?

My reasons for recommending teambuilding to launch the OD effort at B&J's were threefold. First, it was crucial for managers to begin to think of themselves as managers and as members of a management team. Many of the managers at B&J's were truly supervisors, who worked alongside employees and focused only on the work going on in their own area of responsibility. To cope with growth, it was essential for them to begin to plan, set priorities, and coordinate efforts with one another. This meant they had to operate like real managers and become a management team.

Second, the managers would be assuming new responsibilities heretofore in the hands of the founders and general manager. I thought it important for them to see how much they had in common and how much affinity they had with the founders' vision of the enterprise. Teambuilding provides a good medium for self-disclosure and helps people to open up about who they are and what they believe in. The mind maps and skits were designed such that people could see how they were all in this together. Needless to say, lashing them together to search for an inner tube was a more literal translation of the message.

Finally, managers had to collectively commit to taking on new responsibilities and learn new methods for working together. The several exercises at the retreat were aimed at educating them in group management and problem-solving skills. The ropes course, in turn, emphasized the importance of personal courage and peer support in tackling the unknown. The managers left the retreat closer and charged up about running the show.

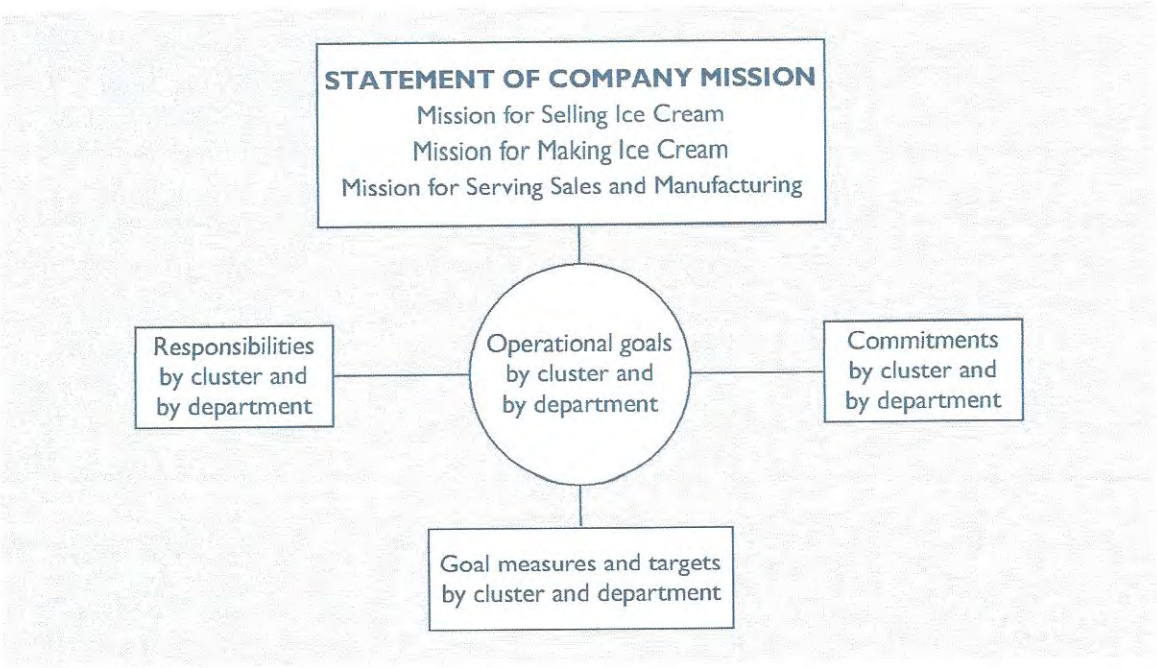
However, the rationale for beginning OD with teambuilding was rather traditional and conservative in character. Many OD proponents eschew the top-down approach to development and work simultaneously at many levels in a company. Work teams and worker-management committees are starting points for OD in many organizations. The aim is to get as many people as possible, as soon as possible, involved in organizational improvement. The risk with going company-wide with OD from the start is managerial resistance. Frankly, in this case, I didn't think managers were ready to respond to group problem-solving initiatives by their subordinates and teams. They were not conversant with techniques like brainstorming, force field analysis, and contingency planning—requisites for team leaders. Nor were they ready, in my judgment, to cede responsibility as they were just assuming more of it. Instead, my proposal was to go slow, get management organized and built into a team, and then push OD downward.

FOLLOW UP: GOALS AND RESPONSIBILITIES

This began months of teambuilding with the newly created management group (see Exhibit 3). Each working cluster was charged with developing a mission statement for its area of responsibility. The cluster groups met several times to translate these into operating goals. The manufacturing group, for example, focused on improving production capacity and quality. Managers from the freezer, production, distribution, and maintenance departments then analyzed work flow, identified their respective responsibilities, and made commitments to one another to maximize capacity and ensure quality standards. The marketing group, in turn, formed a steering committee to bring franchising and sales together and developed a system

[Exhibit 3]

Management Teambuilding Model for Clusters and Departments



to control competing pressures on the art department.

In turn, managers also met with their work groups to gather input and incorporate suggestions. In that way, at least, employees were kept abreast of developments and had a chance to be involved. A safety committee was created, staffed by managers and workers, to address a broad range of concerns throughout the plant and headquarters facility.

Several meetings were held to coordinate cluster goal setting. At one session, managers drew pictures illustrating the degree of alignment between functions and the overall vision of the company. One artist depicted the founders as the sun, the functions as orbiting planets, and the market as a streaking comet. Others used stick figures to show the company coming together, people cheering, and craziness all around.

What resulted from these sessions was a series of cluster goal statements, an action agenda for the next year focused on tasks and goals, and closer interpersonal and work relationships. Did teambuilding make a difference? Managers rated themselves as much more of a team and the functions say they are far more aligned:

Understanding of the Goals and Direction of Your Department?	
At the start of the process:	3.5 out of 10.0
At this point in the process:	7.5 out of 10.0

Relationship with Other Members of the Management Team?	
At the start of the process:	5.1 out of 10.0
At this point in the process:	7.5 out of 10.0

CROSS-TALK

Despite the progress in organizing management, the founders worried whether the funk and fun was being lost in all of this business. There was a heated debate between managers and the founders over growth. The

founders hoped to limit growth in order to keep the company small and people connected. Managers pointed out that existing marketing and franchise commitments would require growth and that B&J's simply could not stiff its customers. Back and forth the talk went. It seemed as though the managers had become something of a threat to the founders, who were having trouble letting go of promised authority.

Ben and Jerry then took the initiative to "lift up" the cluster goals into a unifying statement of the company's economic, product, and social mission. To air differences, the newly formed management team and founders then met to examine their differences. Before the meeting, Ben had said publicly that management "wasn't weird enough" and expressed worry that the company's social mission was being sacrificed to growth. The managers first chafed at his inference that they weren't interested in the social mission. Then they took his concerns to heart. Each member of the management team came to the meeting wearing a mask bearing the likeness of either Ben or Jerry and buttons saying "We are weird."

Together, managers and board members talked over issues of trust and relative powers with the founders, fleshed out how management and the board would work together, and made a pact that the company would remain committed to high quality production, good works, and fun.

Following the session, several actions were initiated to bring neglected aspects of the mission statement to life. A "Joy Committee" was established to ensure that spirit was kept alive in the company. It hosted lunches, sponsored social events, and launched several happenings throughout the company. Employees were encouraged to take a more active part in the Ben & Jerry's Foundation and contribute directly to charitable giving. Finally, a budget committee was created to formulate B&J's first one-year plan.

Questions

1. Team building is typically used in OD to loosen up an over-organized system that is too rigid and bureaucratic. In this case, team building was aimed at providing structure to an under-organized system. In doing a diagnosis, what factors are important to consider in determining whether a company or team is over- or under-organized? What are the implications for planning an OD intervention?
2. Is team building a good way to launch an OD effort in this case? Other approaches?
3. What next steps would you recommend?

SOURCE: Philip H. Mirvis, *Boston University*.