WHITE PAPER

ICLI
International Collaborative Leadership Institute
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BUILDING TRUSTED LEADERS

The EDUCATIONAL CASE for PRACADEMIA

A New Paradigm for Leadership Development

Why Leadership Training Has Failed and How to Fix It

#4 in Six-Part Series

Systems Architecture: Reframing Organizational Transformation

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Purpose

Leadership Development has not fulfilled its promise to produce great leaders.

Its failure to evolve has resulted in more and more business executives being dissatisfied with the results of Executive Education.

The problem is compounded by the rapid change in the structure of commerce – a genuine paradigm shift. Leadership Development is needed now more now than ever to respond to changes, often adversarial in a world that needs more collaborative excellence.

GAME CHANGER STRATEGY · **Collaborative Excellence**

This Six-Part Series examines the problems and obstacles and what can be done to invigorate the Leadership Development process, creating a Game Changer Strategy to shift the paradigm from Executive Education/Development to Advanced Organization Transformation:

#1 – The Shocking Truth: *The Massive Failure of Leadership Development*
#2 – What's Wrong: *Three Major Flaws in Leadership Development*
#3 – New Paradigm in Executive Education: *Transformative Action Learning Engagement*
#4 – Systems Architecture: *Reframing Organization Transformation*
#5 – Designing the Future: *Creating Breakthroughs & Shifting Paradigms*
#6 – Long Term Shift Required: *"Colliberative" Education & the 12 Concordances*

#4 Systems Architecture: Reframing Organizational Transformation

Executive Summary

Chief Learning Officers (CLOs) and corporate executives are not satisfied with the results being produced by Executive Education, which has failed to live up to the expectation it will *produce leaders who can transform organizations*.

Businesses are being challenged to find concrete justification for their training expenses. Only a third of line managers believe "they have become much more effective after taking part in development programs." Other critics claim that only little more than 10% of the $200 billion training and development expenditures produce results of any real value because people soon revert to their old ways of doing things.

> It's time to reexamine Leadership Development process from top to bottom, from inside to outside, and bottoms up.

In these White Papers we address a *transformational design architecture* that will align and integrate the "Three Developments":

- o Executive Development, with
  (this was addressed in White Paper #3, Transformative Action Learning Engagements)
- o Organization Development & Leadership Development
  (the focus of this White Paper #4, Reframing Organizational Transformation)

The problem has been that there has been no common *Design Architecture* that frames "three developments" with a common language, methodology, and objectives. This is because of the

silo mentality of the institutions and competing models whose proponents never tried to tie all the elements together, leaving a result that looks like the vehicle to the right.

The Architecture of Collaborative Excellence outlined in this paper unifies, aligns, and integrates the strategic, cultural, operational, and innovational elements in a manner that actually generates the elusive synergy that leaders have so long sought. This transformative architecture for organization and leadership development is intended to be used with the Transformative Action Learning Engagement (White Paper #3) to gain the maximum impact and meet the expectations of the customers of Executive Education: the corporations and the managers and leaders and their teams that engage in development programs.

> Transformational Leadership is both a *paradigm shift and a multi-dimensional systems shift*. To think this can be accomplished simplistically with a scattershot plan is naïve and imprudent.

> Our approach is to treat transformation in a powerful, systematic way that causes such a shift to be sustainable.

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Note: Appendices are for INTERNAL USE ONLY

Architecture is the design that aligns, integrates, and enables a system's diverse components to function together efficiently & synergistically.

*The Design organizes human, economic, and physical elements
into a whole whose capabilities are greater than the sum of the parts.*

The Design is composed of an interactive series of frameworks, principles, laws, methodologies, and interconnectivities to which best processes & practices can be utilized with different elements of the architecture as one begins to master the system.

A good systems design architecture is intuitively logical, easy to understand, apply, and teach to others.

Part 1: Dissatisfaction with Transformation Efforts

Leadership is distrusted nearly across the board (see White Paper #1) for good reasons:

> We've heard an endless stream of complaints from senior executives that their efforts constantly ran into difficulties in execution and resistance to change.

> We've experienced first-hand how great transformations were torpedoed and destroyed after unqualified successes.

> We know the majority of employees cringe when they hear some executive proclaim that he/she is here to "change things," even when things aren't going well.

> We've been through the ordeal of acquisitions that tore great companies into pieces, causing the best people to run for the shelter of better jobs.

> We've watched great teams shattered in a matter of days or weeks when the wrong boss throws a hand-grenade at those working in the front-line trenches.

It's easy to write these off as "bad leadership," as is most often the case, and then provide tactical advice about how to fix it. This seldom works.

However, these conditions and situations have continued on a degenerative path for decades. Things are getting worse, not better. We need to look far deeper and much more strategically.

Transformation has been more an aspiration than a reality.

The problem is the lack of a Systems Design Architecture for Collaborative Excellence. To set a foundation for this White Paper, we will summarize the case made in White Paper #2:

Lack of Systems Architecture[1]

> In the physical world of technology, systems architecture rules the way all things work. We have systems architecture for astronomy, chemistry, physics, electricity, magnetics, biology, and mathematics, and everything that runs by the laws of science.

> In the socio-economic world of humanity, systems architecture falls flat on its face. It's not because it doesn't exist – it does, it flops because we don't believe it, perceive it, or conceive it, thus we don't achieve its value, nor do we receive its benefits.

Architecture is the design that aligns, integrates, and enables a system's diverse components to function efficiently & synergistically.

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[1] The ideas presented here have been reduced down to simple terms for the sake of brevity. In our numerous other White Papers, Articles, Books, Training Programs, and forthcoming books we address the nuances in far more depth.

There are fundamentally two reasons why we get caught in quagmires about human nature.

1. **Guided by Interactive Principles**:

   Unlike the physical world (which is guided by largely immutable *laws* like Newton's Law, Pythagorean Theorem, etc.), the function of the socio-economic world is determined by system of interdependent *principles*, which must be *used holistically*, *applied interactively*, and *interpreted wisely*.

   Simply having *knowledge* of the principles is not enough to make a great collaborative leader; where the value lies is in the *wisdom* of *why* these are important, *what* is important, and *how* to apply the principles. This is the essence of *Transformative Action Learning Engagement*.

   Seldom do we find any learning institution even attempting to view leadership from a "systems perspective," thus they default to statistical data dumps, stories, anecdotes, and aphorisms, most of which, strung together, leads to no conclusion or mediocre results..

2. **Competing Muddled Models**:

   Because of the fragmentation of departments in academia (and other places where "thought leadership" resides, such as consulting companies), there is no integration of thinking, nor consolidation of learning, nor alignment of analytic frameworks, nor systematic understanding of inter-relationships.

   Thus, intersections of key fields often fail to materialize. Into the void jump individual experts -- "model makers" -- who conjure a framework their field of specialization to use in their next course or book, without regard for the learner or practitioner who must integrate all these fractured frameworks into whole cloth in the field.

   > For example: Economists try to validate their findings in mathematics (which is sometimes true) while avoiding adverse psycho-dynamics (such as the impact of fear on market behavior). Models of human behavior (such as Maslow's "Hierarchy of Needs") are adopted across the planet, but they have no statistical or biological verification

   Consequently we are left with a disjointed, convoluted patchwork of often contradictory theories, admonitions, personal stories, competing skill-sets, disjointed processes, and poorly integrated frameworks that all-too-often idealize a business guru, or self-glorify the academic institution or the author, while leaving little assurance to businesses that the outcome has a strong chance of success. And, worst of all, the poor student is left with the daunting task of trying to piece together a disarray of disjointed ideas and advice.

This is a massive and tragic flaw in organizational thinking and leadership development.

The lack of an architecture to identify critical success factors, interrelationships, control, and feedback loops is the central weakness of leadership programs. This is

Without a solid, predictable Systems Design Architecture, it is extremely difficult for leaders to detect the complex patterns of human behavior and take appropriate actions that produce high performance and synergy.

what actually reinforces compartmentalized, fragmented, silo mentalities in organizations.

With no over-arching design guidance, we have continually defaulted into shoddy thinking, edification of the latest flavor of the month, all the while promoting an enduringly fractured and fragmented body of thinking where one approach fails to cross-connect with another framework, thus increasing the unwieldy burden of weaving of all these disparate ideas into a whole cloth.

It is no wonder we have leaders who embrace a muddled conglomeration of conflicting ideas, piecemeal thinking and an affinity to quick fixes problems that are caused by broken systems.

All-too-often managers, seeking some way out of the quagmire, get sucked into the belief that either "competencies" or "tools" (at the bottom of the pyramid) will create greater performance.

USING THE SYSTEMS ARCHITECTURE PYRAMID

Problem Solving or Launching a New Initiative

Paradigm Systems Analysis — What Paradigm frames our System? Do we need to Solve the Problem or Capture the Opportunity in a New Paradigm?

Problem & Opportunity — Have we clearly defined the Parameters of the Problem? What Opportunity is present? What Innovation is Needed?

Guiding Principles & Key Success Factors — What Key Principles and Key Factors will help ensure Success? Are Leaders committed to those Principles & KFSs?

Strategy & Execution — Is this a Next Generation Strategy? Do we have the Capabilities & Resources to Execute Flawlessly?

Pathways of Interconnectivity — How is the System Interlinked – Social, Technical, Economic? How will change in one affect another?

Processes & Standards — What Processes are required? Are these Synergistic? Is everyone using Standards of Excellence?

Practices & Competencies — What Best Practices support the Processes? Do these practices ensure a quality output or solution? What Metrics are essential?

Tools — What Types of Tools are best for this Systems Solution? Do the right people have access to the tools? Are they adept at using them.?

While this is sometimes true, in reality, more often than not, the tools are inadequate because it's system itself that is dysfunctional.

For example, companies spend millions on multiple sets of software when a simple reevaluation of workflow and who does what would reduce the number of tools and costs.

Because very few leaders have a conception of the Systems Design Architecture of collaboration needed to boost organizational functioning, they never get their hands on the levers of transformation, constantly dropping into the chasm between strategy and execution, becoming co-dependent enablers of silo mentalities and fragmented value flow.

The lack of this collaborative architecture is why so many companies, leaders, alliances, acquisitions and turnarounds fail or are unsustainable.

We aim to correct this massive flaw by introducing approaches that start with a systems architecture perspective toward leadership, and work down to processes, practices, and tools.

Systems Architecture -- Why a New Order of Proficiency is Needed

The *Collaborative Shift* is expansive, ranging from collaborations *inside* a company (such as high performance teams and cross-functional engagements) to *outside* relationships (such as customer alliances, solution alliances, supplier networks, research & development partnering and business eco-systems).

All these examples embrace a **quantum jump in complexity** with **multiple partners** and **complex integrations** to deliver solutions (products and services) with a compelling need adapt to change, engage in **massive leaps in innovation** and create sustainable improvements to their "collective competitive advantage."

Importantly, these, in turn, demand an **exponential increase in the level of collaboration** needed to succeed – levels often seen in emergency situations, but not the normal every-day operations. Simply applying a barrage of tired thinking, and old tools in a fragmented manner often generates mediocre results at best, or even makes the problem worse.

> *Paradigm Shifts are not just about "doing things differently" ....it's thinking differently, envisioning differently, discerning differently, measuring differently, designing differently, speaking differently, asking questions differently, valuing differently, treating people differently.*
>
> **A bold new approach is essential**.
>
> *These profound differences require a fundamentally different "Systems Design Architecture", not merely tweaking old*

Quantum Jumps & Paradigm Shifts Require Systems Architecture

The *Quantum Jump in Complexity* that accompanies the *Collaborative Paradigm Shift* requires a *New Architecture* to power the shift, thus it's vital to understand the nature of "systems architecture" which is needed for three basic reasons:

> Old legacy management methodologies, tools, and measuring systems must be radically reconfigured for the new paradigm.
>
> To use a technology example, when shifting from cable (which was designed for analog data) to wireless or fiber optic (using digital packets), all new transmission, encoding, and decoding methods are necessary.

1. Functional Synergy:
   - To make a system perform so that the whole -- the outputs -- are greater than the sum of the parts – the inputs.
   (see Appendix 3 for more complete description of Architecture.)

2. Pattern Recognition & Prediction:
   - To enable the mind to comprehend the extent of the system through a series of pattern recognitions (which reduce fear, uncertainty, and chaos), which in turn, enable the brain to make a set of predictions, opening a pathway for constructive action.
   (see Appendix 4 for more complete understanding of the importance of this factor.)

3. Overcoming Skepticism & Resistance to change:
   - To overcome the natural skepticism that travels hand in hand with any paradigm shift.
   A very large portion of corporate leaders and senior managers can be predicted to be *skeptics of*

collaboration – they aren't necessarily against it, but there are so many unanswered questions, concerns, doubts, and risks. When a skeptics' doubt is greater than their belief, or their fear greater than their trust, the result is analysis paralysis.

Great architecture, conveyed with excellent practices and metrics, helps break the resistive impasse, and may turn some skeptics into passionate champions.

Great Architecture has critical elements that make it powerful:

There is a fulfilling magnetism to well-conceived design architecture; it's powerfully:

- Actionable --where:
  - The whole is greater than the *sum of the parts.*
  - Diagnostic Analysis and Prescriptive Corrective Actions is possible
  - The System is integrated sufficiently to be Sustainable Under Stress
  - Essential Principles, Fundamental Rules, and Best Processes/Practices can be used universally to create similar results.
  - Cause & Effect Relationships are logical and understandable.
  - Consistent Language, self-evident logic, powerful underlying attitudinal belief systems and consistent actions are integrally linked the to the core architectures.

- Leverageable – many actions can be taken to substantially increase its impact:
  - Learnable – it can be taught by a Master who can teach it to others, who can, in turn, teach it to others, enabling it to multiply.
  - Replicable – it will work in a variety of circumstances
  - Reliable – has inherent stability, safety, and certainty.
  - Scaleable – it will work in large organizations as well as small scale situations.

The Quest for Synergy

Synergy has been the dream of businesses and organizations for over a century.

But it has been elusive. (see Appendix 4)

Why? What's been missing? What has caused us to miss the mark? What mind-traps have we been caught in? Why is the *Collaborative Shift* struggling to get out of the gate?

> *Complex Problems must be solved with a higher level of thinking than that which created the problem.*
> *-- Einstein*

The problem is first in the conception – conceiving too small or inappropriate linking of disjointed fragments, or forcing the adoption of conflicting frameworks will produce disconcerting results.

Synergy manifests in Collaborative Systems – this is an essential principle that those who neglect it are pounded on the shoals of despair.

Beware the Curse of Muddled Models

One of the biggest obstacles in creating a *Collaborative Systems Architecture* has originated from subject matter experts (ranging from professors to authors to consulting companies) that create their own proprietary frameworks -- narrow bands of thinking -- never even attempting to create integrated systems architecture. Thus, despite the enormous level of attention, little attempt has been made to create an integrated architecture linking the basic functions of business (i.e. marketing, accounting, operations, culture, strategy, supply chains, or leadership).

Further, as subject matter experts have carved out their little corner of the world, the result has been a disjointed set of models cobbled together into a pastiche of often conflicting or disintegrated approaches to everything from trust building to organizational transformation. (see Appendix 6 for more on the *Curse of Muddled Models*).

Fortunately the fundamentals of Collaborative Systems Architecture have been field tested, documented (but not codified until now) and proven in a wide number of industries, including industries as diverse as automotive, aerospace, military, airlines, steel, insurance, food, consumer goods, sports, and research & development, to name a few.

Beyond Best Practices

Best Practices have proliferated the business world for over a century. New best practices evolve continually. Henry Ford invented new Best Practices that revolutionized the auto industry.

Systems Design Architecture & the Continuing Quest for Competitive Advantage

Best Practices are the purview of good *managers* are the "master mechanics" that keep engines running.

> *Great leaders need not be architects, but they must master its core principles.*
> *Managers must know the principles, then develop management practices*
> *driven by collaborative principles.*

But the real genius lies in understanding of the inner *design architecture* – which is one of the formidable tasks of *Collaborative Leadership Excellence*. This was Edison's real genius – developing the system design architecture of electric power generation, distribution, metering, and usage in lighting, motors, and appliances. Leaders are charged with ensuring not just good management of resources, but the inner workings of the new systems design -- understanding the interconnected relationships, and gaining competitive advantage in a fast moving, rapidly changing world.

> While managers are oriented to seek stability and predictability, conversely leaders are charged creating and harnessing new forces, innovating, and building organizations that can sustain their advantage every day.

As leaders we need to face the staggering reality that our competitive world demands we continually generate competitive advantage or be overwhelmed by rivals who are relentless in their quest to move forward faster.

Collaborative Leadership Excellence aims at creating a powerful framework for generating advantage in multiple ways:

> First, those that *proactively lead the paradigm shift* gain a massive advantage by expanding the gap between those that are moving at the speed of the future versus those stuck in the quicksand of the present.

> Second, the *systems architecture* has *thousands of points of inter-connection*, each of which can be used to create or accelerate advantage. The sum of all these small points is known as "the triumph of small numbers" which adds up to a very big number.

> Third, *collaboration, especially trust,* can create a huge advantage by turning breakdowns into breakthroughs that generate massive advantage, while removing "garbage" work (known as non-value added work) from complexity at the points of interface.[2]

We have hundreds of experiences, cases, and studies that show that Collaborative Systems have, generally, a 20-25% competitive advantage over its rivals

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[2] For example, in one health care system our team studied, we found that over 90% of the work done by health care professionals actually failed to add any value to the health of a patient. This is not abnormal – only a handful of health care systems would actually perform a lot better. This is why complex organizational systems, like health care cost so much and their installed base of legacy management is so impervious to change. And why health care costs keep rising like a flood tide.

Part 2: The Nature of Human Nature

Leadership is first and foremost about people; you don't lead thing, you lead humans. This requires an architecture built on an understanding of human behavior. Any leadership approach without such an underpinning is as empty as a stomach without food.

Transforming Organizations Starts with Individuals

Organizations are composed of individuals. They don't change unless there is some causative event such as great pain (such as a tragedy or failure), or a major change in the world around them. Sometimes a vision or sheer ambition will trigger the transformation.

If a leader is trying to effect the change, it must happen in multiple dimensions as illustrated in the Learning Loop (described in detail in White Paper #3).

People who are left with an incomplete learning sequence will suffer a deficiency in capabilities and confidence.

> For example, this happened in the former Soviet Union. After the Russian Revolution of 1917, leaders tried to use every means possible to embed communistic thinking in the heads of Russians. After over seventy years of indoctrination, the system unraveled. By 1989, communism was declared a failure. The reason was, essentially, people didn't believe in Marxist doctrine, didn't perceive it was beneficial, didn't conceive innovations that would create value, didn't achieve the growth needed to support people, and didn't receive enough personal benefits that made a commitment to the system worthwhile.

Any effort to change things should be thought through in this five-step process before launch to be sure there is something of substance people can trust and experience at each step.

Pattern Recognition & Prediction

Humans are bestowed with brains that provide the most elaborate and sophisticated pattern recognition machines on the planet. Our world is filled with uncertainty; our pattern recognition capabilities are designed to turn uncertainty into predictions that we can act upon. Our brain is constantly asking questions, often unconsciously:

> What's the Pattern? What does it tell me? Is there danger ahead? Should I take precautions? What's Next? Same? Different? Unknown? Predictable or Unpredicable?

> Does the pattern tell me how something functions? How does it work? How should I be prepared? Is there a Reward? Punishment? Consequence?

> What is the most Predictable Outcome/Unfolding?
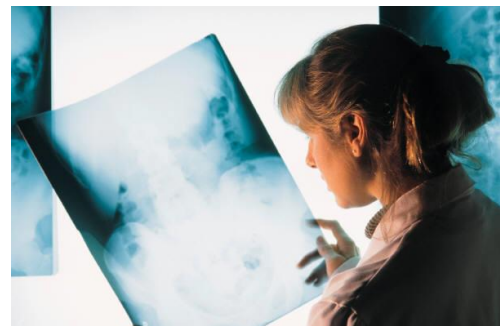
- Is the outcome random – a matter of Probability? (for example, if you turn on the television, what are the chances of encountering an advertisement?)
- Is the outcome based on Cause & Effect? (if sun low in the western sky, can I predict that nightfall will happen soon?)
- What are the Rules of Engagement? (how can I be proactive to take advantage?)
- What is the Safest Assumption? What are the Distinctions that enable Greatest Accuracy?

Our brain always wants to organize the patterns so we can make better predictions. This is what happened during the Corona Crisis. Scientists were deeply engaged in understanding the patterns of the pandemic – both the science of the disease and the human behavior patterns. Those who followed the probabilities of the pattern were the safest; they were able to avoid the likelihood of becoming sick and dying. Those who listened to those who denied the pattern's realities had astronomically higher chances of catching the disease and either dying themselves or passing it along to others.

When the brain can't understand the pattern, or receives conflicting information about the pattern, it typically defaults to safety, or fear, inaction or even denial (the lack of recognition of anything (such as the Black Swan phenomenon).

The Architecture of Collaborative Excellence was derived from Pattern Recognition

Starting in the mid-1980s, with the assistance of Professor Paul Lawrence at Harvard Business School, Robert Porter Lynch embarked on a journey to uncover the "architecture of strategic alliances" by starting in the field interviewing hundreds of senior executives who had succeeded or failed in joint ventures across industry and national boundaries.

Our educational system has done a poor job enabling the brain to recognize patterns of human behavior. That's why dictators can still get away with telling lies and spreading fear.

When we engage in Transformative Action Learning Experiences, we foster critical thinking, thinking across disciplines, about processes, and the importance of time in the competitive world. A strong collaborative culture does the same thing.

That's also why, when we encounter senior executives and ask them if they run collaborative organizations, they answer affirmatively.

The compilation of this information resulted in the successful implementation of thousands of strategic alliances across the globe and the founding of a profession that focuses strictly on how collaboration works in complex organizations. After more than 30 years of sharing insights, we have been able to extrapolate these principles and processes into a larger, more comprehensive systems architecture for Collaborative Excellence.

But when we survey employees, the responses are very different. Essentially, senior leaders were too well imbued with outmoded or muddled pattern recognition frameworks, which distorted the realities of what a collaborative excellence really meant.

Culture is the #1 Determinant of Human Behavior

We place a strong emphasis on the importance of leaders focusing on culture. Why? Because culture, not personality, is the #1 determinant of human behavior. Culture gives us our queues about what's important, what matters, how we should think, what others expect of us, and what we should value.

Learning is a fundamental causative element of all human behavior. Every one of the five dimensions in the Learning Loop are communicated via culture, where they are "baked" into the minds of organizational members.

People will learn best (and be most collaborative) when all Four "Drives" of Human Behavior are engaged and reasonably satisfied. (See White Paper #3 for more detail on the Four Drives)
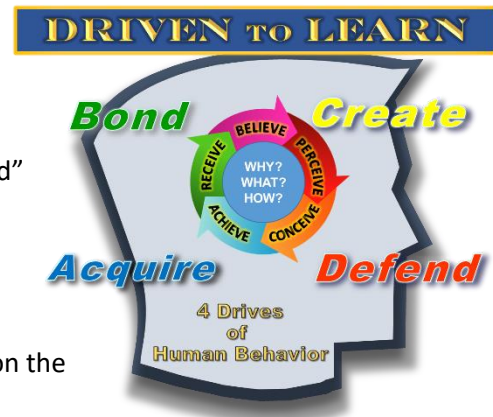
Leaders who overlook the impact of culture are blind to one of the most important levers of transformation.

Leadership is the #1 Determinant of Culture

How is culture formed? Leaders are the #1 causal factor in formulation of culture. This is why leadership has such great influence. Of course, there are other factors, such as the media, family, education, religion, and, importantly, peers – our friends, immediate supervisors, and teammates. Great leaders can bring out the best in the peer influencers while *aligning* them in a common vision played to "inspiring lyrics and tune." (later we will discuss the importance of "alignment.")

> [Note: It's been our experience in many realms of business endeavor that the only leaders who seem to understand and care about culture are *collaborative* leaders. For *adversarial* and *transactional* leaders, culture seems to be something foreign, too soft, or unimportant.]

Trust & Fear Determine the Learning & Cultural Pathways

Why people learn, what they learn, and how they learn will be directly impacted by the nature of their nature of their culture.

> In *adversarial* cultures, FUDDD (Fear, and its brethren: Uncertainty, Doubt, Divisiveness, and Distrust) will set the context for why, what, and how the brain learns, adapts, and positions ourselves in our environment. **FUDDD** will trigger our survival instincts; the ego will cause:
>
> - the drive to *Acquire* to horde resources, grab territory, and mount a strong offense,
> - the drive to *Bond* to include only a small circle of people (our tribe),
> - the drive to *Create* to concoct new weapons and imagine evil in those outside the tribe,
> - the drive to *Defend* to build walls, annihilate threats, and demonize foreigners.

When FUDDD is the prevailing culture, people will only hear and perceive what they trust. Anything they don't trust will be excluded from what they believe, perceive, conceive, achieve, and receive.

> A tragic example[3] of this principle was Stalin's refusal to believe the scores of reports and warnings from Churchill prior to Germany's invasion of Russia in June, 1941. Despite clear evidence of the buildup of German troops and munitions months in advance, Stalin refused to see reality.
>
> Prior to the invasion, Hitler sent letters to the Soviet ruler, assuring him that the amassing of military might on the in Poland was to protect them from British bombing, and conceal the preparations for invading Britain. Hitler pledged "on my honor as a head of state" that the Soviet Union would never be attacked.
>
> Historians have been perplexed for decades. Why would Stalin, who trusted no one, trust Hitler? Stalin was so convinced Hitler was benign, he allowed German reconnaissance flights deep into Soviet territory and German intelligence troops to violate Soviet borders.
>
> Stalin's *beliefs* were reinforced by *perceptions* of Hitler's intentions to invade Britain before ever considering eastern expansion. These were fortified by Hitler's deceptions. Soviet intelligence officers that told the truth, confronting their boss's preconceptions were shot; those that altered intelligence reports survived. Therefore Stalin *conceived* a rather weak defense plan which was *achieved* without vigor, urgency, or efficacy.
>
> Churchill and Roosevelt both attempted to warn Stalin of the impending attack after cracking the German security codes.
>
> But distrust, riding a malevolent black stallion, intervened.
>
> Stalin's conception of capitalists made any further honorable attempts by Churchill and Roosevelt just additional confirmation of the Allies' maligned intensions. Why would two Capitalists want to see a Communist regime survive? Certainly the American and British warnings were only a shallow attempt at conspiratorial coercion.
>
> What Stalin received as a result: over 20 million dead, military and civilian, in the aftermath of the German invasion of Russia.

One could make similar analogies to the Corona Virus Pandemic in 2020, but that event is too close for some to view objectively.

The lesson: never underestimate the power of trust or distrust to influence the mind. That's why Paul Lawrence said:

"Trust determines the course of history, the destiny of nations, and the fate of people."

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[3] Murphy, David E.: *What Stalin Knew: The Enigma of Barbarossa;* Yale Press*, 2005*

In **collaborative** cultures, on the other hand, a very different set of conditions will be interacting in the brain. Trust, enabled by the **FARTHEST** principles (Fairness, Accountability, Respect, Honorable Purpose, Ethics, Safety, & Transparency) will build a completely different brain responses, including ones that are often attributed to the soul, causing:

- the drive to *Acquire* to focus on what's needed to achieve a higher future vision,
- the drive to *Bond* to engage a wider range of diversity to build community,
- the drive to *Create* to expand its range of possibilities for innovation and solving problems,
- the drive to *Defend* to construct socio-economic systems with better safety & security.

Together, these four energies become synergistic, giving a "quantum kick" to a group, family, team, organization, community, city, or even a country.

In collaborative cultures, learning accelerates because it is more visionary, has more diversity of insights, uses more of people's creative talents, and provides better security to take risks, experiment, and be entrepreneurial.

In a learning environment, such as the Transformative Action Learning Experience, the participants will be more likely to trust the content and challenge it to test its veracity. With pracademics at the helm, students are more likely to trust the intentions and capabilities of Instructor. The learning process is more trustworthy because the participants are active in its design and evolution. And lastly, because of senior level engagement and support *prior* to the launch, the participants – working together as teams -- will have trust that they will reenter with a high level of confidence they are, indeed, going to make a difference.

Myth of Culture Change

Sociologists claim that culture is one of the most difficult things to change, usually taking years.

Our experience and research demonstrates that it can take as little as 2-3 months for a bad leader to poison a good leader, and a year and a half for a great leader to turnaround an ugly culture.

How this is done is part of our Collaborative Systems Architecture in the Transformative Action Learning Experience program.

Human Behavior & Trust Modeling

We have been deeply engaged in uncovering and designing a very illuminating set of frameworks for both human behavior and trust building that forms the foundation for energizing and sustaining collaboration via clear strategies, processes, metrics, and best practices, thereby producing highly predictable outcomes.

Our "Collaborative Systems Design Architecture" is fully integrated: going from one part to the other is seamless and fluid, incorporating frameworks, archetypes, and models into process applications that can be delivered to organizations through our *Collaborative Excellence Workshop Programs.* These are intended to engage the workforce along with value chain partners in generating collaborative advantage, innovation, and speed. This enables leaders and managers to get a firm handle on how to engage their workforce in a manner that produces synergistic results.

Three Archetypal Patterns of Behavior, Culture & Economics

First, it's important to make a central point: humans, in our evolutionary journey, have developed three "archetypal" behavior patterns: ***Adversarial***, ***Transactional***, and ***Collaborative*** built into the DNA[4] of economics, relationships, and leadership of cultures all over the globe.

Think of these three as "primary colors" – just like Red, Blue, & Yellow. Seldom do we find organizations or people that are purely one "color" – most are a unique colorful blend of the three themes.

Most organizational cultures are tragically a conglomeration of all three, often interacting simultaneously, each popping up at various times, even in same person -- what we called "muddling"[5] – which produces highly dysfunctional chucks of non-valued work, and erodes joy in one's work. Because these three distinctions are so blurred and ill-defined, the result is a "muddled cocktail" of all three – a dash of this, a splash of that, with a froth of something glitzy on top. Executives write books filled with advice, models, dictums, directives, procedures, metrics and rewards which send a barrage of contradictory messages to the workforce.

The three archetypes are very poorly differentiated in the teaching and practice of leadership and organizational development which is one of the central issues why collaboration has had such difficulties sustaining itself, despite its long-documented and powerful impact.

> Understanding the power the three archetypes have on leadership, culture, and economics is essential for the collaborative shift to occur.

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[4] We know these must be built into human DNA because these have manifested everywhere in human civilization for all of recorded time. Every ancient written record, including Greek, Judaic, Roman, Babylonian, Indian, Mayan, and Chinese document these three patterns.

These are "archetypical" because they can be observed far back into the recorded history of humankind. Each of these archetypes has a design to it that has evolved over several millennia into specific strategies, processes, and actions that produce highly predicable results. These three are universal across all cultures everywhere on the globe, with unique variances that derive from local adaptation. Everyone has experienced these three archetypes in their daily lives.

[5] Muddling the three cultural archetypes is very common, if not "normal" in organizations. Muddling is not benign, it generates contradictory and confusing messages and directives, which triggers Insecurity, Uncertainty, Indecision, Anxiety, Distrust, Lack of Confidence, Non-Value Added Work, and increased Transaction Costs.

Essentially, about 90% of humans are "triple wired" in our DNA to act in either of these three modes. It is their experience, value structure, culture that will bring out and reinforce one or the other or all three simultaneously. How a leader triggers and reinforces these inherent archetypes will have a major impact on outcomes. In complex organizational systems, collaboration as a strategy will create large competitive advantage.Unscrambling this muddled "spaghetti" can create quantum jumps in productivity, thus providing leaders and managers with clarity that aligns organizations and harnesses human energy.
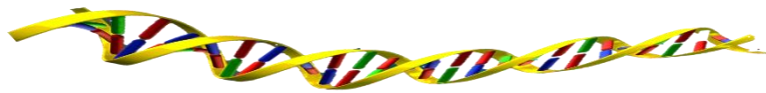
Here's what the three archetypes look like in brief summary:

ADVERSARIAL:
-Always Take Advantage
-Manipulation, Distrust
-Win-Lose, Dog Eat Dog
-Survival of Fittest
-Might makes Right
-My Way or the Highway
-He who has the gold, RULES!
-What's Mine is MINE,
  What's Yours is Negotiable

TRANSACTIONAL:
-Everything's a "Deal"
-Quid Pro Quo, Trade
-Buy Low - Sell High
-Almighty Self Interest
-Tactical Transactions
-Price, Price, Price
-Hierarchical Power
-Positional Power
-Win-win is okay if both sides
  bargain very hard
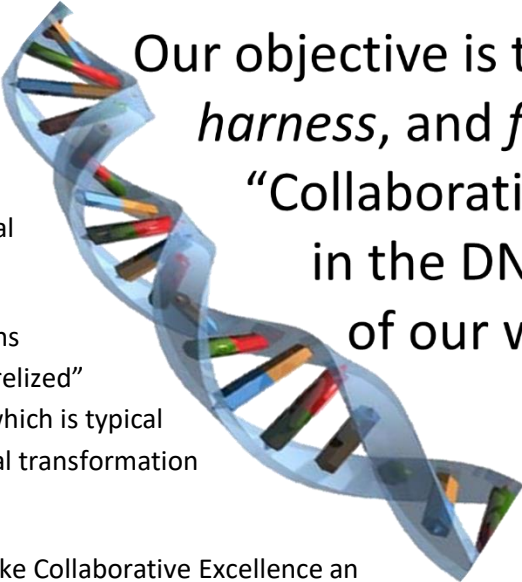
COLLABORATIVE:
-Teamwork & Trust
-Synergy – Strategic, Cultural, & Operational Alignment & Integration
-Work Ethic, Integrity
-Long-Term, Strategic View
-Value is more than Price
-Cherish Differences as
  Innovation Engine
-Mutual Benefit
-Vision & Values Driven
-Share Fairly, Create Anew

Systems Design Architecture helps the leader understand the dynamic interplay between these three patterns and how to bring out the best in humans – which transmutes into synergies that can produce high performance, which transforms into profits and competitive advantage. The difficulty is that so many current leaders and managers "earned their spurs" in the transactional world with a set of rules of engagement that are firmly burned into their hides; retraining requires a transformational experience.

Our objective is to *unlock, harness,* and *fortify the* "Collaborative Gene" in the DNA of 95% of our workforce

As long as leadership thinking remains muddled and tries to apply a "mongrelized" smattering of all three archetypes (which is typical in most organizations), organizational transformation will remain mired in mediocrity.

The essence of our initiative is to make Collaborative Excellence an Organizational and Leadership Strategy that consistently produces outstanding results.

Purpose of Culture

All human organizations (societies), create culture. It is a normal pattern recognition process that enables people to have clarity about how they fit into a larger social family. Every culture creates its own unique detailed imprint on the Learning Loop for survival and "thrival."

Because humans can't "store" their learning genetically and pass it along to their offspring, culture became the adaptive mechanism for transmitting essential knowledge and wisdom from one generation to the next. Every culture creates an "equation" that balances individual self-interest against the mutual benefit of the group, which is often expressed in "rights and responsibilities."

Language is one of the primary means of this transmission – that's why the language we choose is so important. We create a variety of other "mind maps" for transmission, including measures, architecture, actions, pictures, symbols, and structures.

The most essential priorities communicated in virtually every *collaborative* culture include core moral principles, expectations for achievement, future outlook, attitudes, acceptable behavior, tolerance of differences, meaning of life, caring for others, protection of heritage, the interpretation of history to guide the future, modes for responding to adversity and adapting to change, role models of esteemed values such as courage and compassion, rules of engagement such as building trust and teamwork, and the means of governance and conflict resolution.

ORGANIZATIONAL CULTURE

Collegial/Congenial does not mean Collaborative

Congenial/Collegial
- Superficial friendliness –be "nice"
- Looks pleasant on the surface – socially acceptable & politically correct.
- Hidden Agendas & many sub-rosa issues for fear that if an issue is unsettling, it will create permanent and irreconcilable rifts.
- Transactional (minimal) Trust
- Culture is Often Passive Aggressive
- People demonstrate superficial relationships and politeness
- Bury frustrations – "time heals all wounds"
- Don't Challenge the Norm
- Focus on Ethics, Codes of Conduct, and maintaining Requirements of Accrediting Bodies
- Standards reflect the "common denominator"
- Excellence is a Goal
- Few "Breakdowns," Few Breakthroughs Play it Safe, Don't try new things for fear of failure and adverse ramifications
- Low Risk, blame those who are deviant

- Synergy is infrequent and happens by chance

Collaborative
- Tough Love, All for One – One for All.
- Can look paradoxically confrontive and playful, sometimes rough around the edges, even gruff
- Agendas are transparent, and open for healthy challenge, discussion, debate and innovative new solutions
- Trust is strong & honourable
- Culture is one of Partnerships & Creationships, Stretching to higher performance
- People display genuine affection and caring.

- Standards of excellence, ethics & value creation are high and vital to the culture of collaboration
- Embrace Ethics and Codes of Conduct, but strive for higher standards
- Excellence is first a Journey with goals
- Confrontive with the expectation that all will innovate based on new perspectives.
- Frequent breakdowns as teams push the limits, turning breakdowns into breakthroughs, continuous sharing and learning
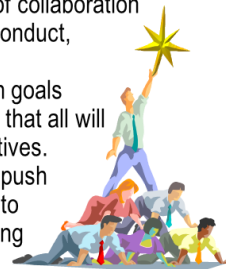
- Synergy occurs often and can be designed

Culture Creates a Massive Advantage in Collaborative Systems

One of the most impactful elements of collaborative systems is how culture impacts outcomes. (see sidebar). In case after case, collaborative cultures are highly spirited, trustworthy, and respond well in times of adversity. Collaborative leaders are the first to endorse the power of culture.

> For example, Lou Gerstner, in his heralded turn-around of IBM in the 1990s stated: "I came to see at my time at IBM, that culture isn't just one aspect of the game --it *is* the game. In the end it's the organization's collective capacity to create value…. Most of its most important rules aren't written down anywhere. [It's their attitudes], how they interact with each other, what motivates them.
>
> "There are few rules, codes, or books of procedure….I believe all high-performance companies are led and managed by principles, not process."[6]

Culture's Invisible Impact on Outcomes

While invisible, culture is like radio waves, pervasive and everywhere. Culture tells people what is expected of them, what is valued by leaders, what beliefs they should hold, how people should interact, what they should achieve and protect, how they will be rewarded or punished, and what is important.

Culture, more than any other factor (including personality), will determine human behavior. And Leadership is the most influential factor in determining culture, and, by extrapolation, human behavior. That's why collaborative leadership is so vital to performance.

The Plague of Cultural Misalignment

For so many corporations, their culture's "immunal rejection response" still recognizes collaboration as a "foreign entity." More often it's because most companies are miserably misaligned, juxtaposing *adversarial*, *transactional*, and *collaborative* into a muddled, confused, corporate culture, and then extending this misalignment into their Value Network.

When organizations get overly hooked on rules, regulations, processes, and procedures, they become stultified as bureaucratic rigor mortis sets itself into a hopelessly transactional culture that can't adapt and innovate in today's fast-moving competitive world.

To make matters worse, many new senior executives entering the corporation seem compelled to put their "mark" on the company, often reintroducing non-productive, non-value added programs, procedures and policies that are counter-productive or even all-out destructive, leaving a mess in their wake – just to show their power and difference from their successor.

In this quandary, customers, suppliers, and former alliance partners are left with an aversion to reenter the game together because of the reputational stain of ego-driven leaders.

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[6] Gerstner, Louis; *Who Says Elephants Can't Dance?* pp 182, 200, Harper Business, 2002

The Elusive Search for Synergy

Synergy – (from the Greek: *Synergos,* meaning the joining or aligning of energy) means can we create something more or different with the same resources.

Evolutionary bio-economist, Peter Corning, has studied the phenomenon in human for over a half-century. Examining the early evolution of humans, he and his colleagues have concluded, the ability of humans to cooperate was the key factor for the species to evolve at an explosive rate beyond any other species on the planet. "The great lesson from this epic of evolution is that cooperation produces synergy." (*Synergistic Selection*, p 233). Our experience in strategic alliances has confirmed this assertion.

For decades the track record of Mergers & Acquisitions has been dismal. In study after study, analysts have concluded that only ¼ to ⅓ of all M&A deals are judged a success. Nearly all of the transactions predicted synergies, never realizing that the mating of transactional or adversarial cultures could not produce a collaborative result.

Synergy is most likely to manifest in collaborative environments

Leadership for Aligning Strategy, Culture & Training

Educational value is only derived when the corporate goals and culture are aligned to the training objectives.

This is why Executive Sponsorship is so critical. The old saying "what gets measured gets done" comes into play. It is hard to get to collaboration if the organization is measured on a "I win, you lose," adversarial culture.

Similarly, the structure of an organization has a significant bearing whether the *collaborative* environment can have an impact. For example, if the structure discourages cross-functional interaction or value chain alliances, the message will be clear that the culture supports *transactional* behavior.

People influence other people. Everyone in an organization has some group of people that influence their opinions and points of view in the Learning Loop. Again, this is where the power of leadership is important. Most leaders are actually not in positions of authority, they are opinion leaders, thought leaders, advisors, friends, and allies. The ability of a person to "influence without authority" is directly tied to the level of their trustworthiness.

Bluntly: people that are not trusted have no credibility, no influence, and thus little value.

Impact of Leadership & Culture on Engineering Projects

Five years ago I was working with my colleague George Jergeas, Senior Professor of Project Management at the Engineering School at the University of Calgary. As we reviewed his extensive study of the deep difficulties delivering Mega-Projects[7] on time and on budget, some things became evident:

Professor Jergeas' study was professional, accurate, and extensive based on an analysis of 90 large projects in both the private and public sectors. The analysis identified over 450 causes of problems which fell into over fifty categories.

We wondered, "How will the professionals in the Project Management, Architectural & Engineering, and Construction Industries embrace such profoundly extensive study. The first problem was evident: There is too much data, too many best practices, in too many categories. No one will ever be able to remember this, and it will thus be unheeded. Could we reframe this study to highlight the revelations in a different way?

We decided to "triage" the success and failure data based on three "leadership/cultural archetypes"[8] to determine the impact on the outcomes measured by on-time, on budget delivery. The results were extraordinarily revealing. Megaprojects with *adversarial* cultures had less than a 10% chance of being delivered on-time and budget. Those with *transactional* cultures fared a bit better, with perhaps a 20-30% possibility of on-time/budget performance. But those with *collaborative* cultures realized 80% or better chances of success. This lesson, and its implications should not be lost in the morass of engineering drawings, technical details, and legal contracts that can trap project managers.

Evidence of Evolutionary Biology

We have known for over one hundred and fifty years from the studies of evolutionary biology that advancements in human civilization was primarily the result of people working collabor-atively to create the synergies that have built the world we now know.

However, there are still professors in business schools advocating Machiavellian manipulation as the best game strategies for gaining advantage. The result is a terribly muddled set of mixed messages that only serve to confound the mind and create a morass of confused behaviors in modern managers. The problem is exacerbated by compensation and bonus systems based on "I win, you lose," rather than reinforcing great teamwork and coordination.

We believe that, in the preponderance of situations where speed is required, integration across boundaries is a necessity, and daily innovation a reality, collaboration is the best strategy.

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[7] A Mega-Project is typically several years in length, costs over $1 Billion, and has a very high degree of complexity. They are notorious for exceeding delivery schedules, overrunning budgets, and entangling law suits during and after the project.

[8] Leadership, culture, organization structure, economic interaction, and strategy tend to cluster into these three distinct "archetypical" frames of reference (see **Error! Reference source not found.**). This is why "best practices" can seemingly be contradictory, because the practices link to one of the three different archetypes. This is why it's extremely difficult to gain "universal" agreement and acceptance, as the three archetypes are inherently so dissimilar at best and contradictory at worst. We know of no professional schools in universities that make this critical distinction, which results in muddled thinking in the field.

Part 3: Common Architecture for Organization & Leadership Development

Many leaders intuitively know the value of collaboration, but falter when asked about truly measurable differentials between collaborative and non-collaborative situations. In this section we will examine collaborative organizations and leadership.

Leaders don't lead things, they lead organizations of people.

> Transformation means changing an organization's form, substance, strategies, operations, mindsets, and outcomes, to name a few of the key issues. And so too with the people in the organization.

> *Transformation is more than a paradigm shift;*
> *it's also a multi-dimensional systems shift.*
>
> *To think Transformation can be accomplished simplistically*
> *with a scattershot plan is naïve and imprudent.*
>
> *The next generation of leaders must learn to be systems architects if they are*
> *to master transformation*

Organization as a 4-Dimensional System

Businesses is in the midst of a massive a paradigm shift. The old stand-alone organizations are becoming more alliance and networked. These demand new mindsets, skillsets, metrics, and tools – a complete "systems architecture" to support and sustain this shift. The rapidity of change in the commercial landscape requires flexible structures and processes in the face of the availability of data across the value chain/network -- of which all businesses are part whether they are product or service oriented.

The field of organization development (OD) has, essentially, failed to produce the transformational leadership. The most fundamental reason is because no one has really produced a model that transcends hierarchical and matrix organizations. Senior executives expect more and receive less because there has been no "systems architecture" to enable aspirations to become realities.

> To use an analogy, the clarion call for transformational leadership is akin to calling for a united effort to put a man on the moon, but using old propeller-driven piston engines that can't breakthrough the stratosphere into outer space. If we demanded results, but prohibited the design and use of rocket ship (a paradigm shift), people would cry "foul."

The result has been organizations that are terribly misaligned. Inadvertently the inherent misalignments become accentuated and even perpetuated, creating greater obstacles to trans-formational change and making it more difficult for leaders to drive improvements.

For example, in one electronics company, the CEO was strategically aimed at creating an alliance to open up more sales channels for his product.

Looking at his organization chart, a very strange thing was evident: The Marketing Department was on one side of the chart and the Sales Department was on the far opposite extreme of the chart. (Normally these are very closely linked). When asked why the disparity, the CEO remarked: "The Sales VP and the Marketing VP haven't gotten along in years."

Any strategic alliance to increase sales revenue would immediately cast the alliance partner into the jaws of this personality feud. This was a potentially catastrophic misalignment.

This heritage of seeing organizations as an *aggregation of personalities* needing competencies is indicative of a long-standing *transactional* thinking about organizations; a mindset still embodied in most HR departments that haven't embraced a systems design architecture for Collaborative Excellence. Often the leaders of change cannot overcome the myopic managers that resist.

For OD to be effective in the future, it must frame its efforts on a foundation of collaborative systems architecture. This means presenting a simple, impactful, and utilitarian model of both an organization and leadership – a new transformational paradigm (which we propose here). It addresses human interaction as a series of interconnected and interdependent systems that leaders can uses to align beliefs, ideas, evidence, and best practices to produce trustworthy behaviors resulting in teamwork, innovation, efficiency, high performance, and synergy.

Four Fundamental Organizational Alignments

Every organizational system can be viewed from an elegantly simple 4-dimensional "alignment" Architecture:

1. **Strategic Alignment** – how the organization achieves it vision, mission, value proposition, and competitive strategy, to attain a significant & sustainable strength for its future existence.
2. **Cultural Alignment** – how the organization expects its people to behave, reinforces its beliefs and values, creates rule of human engagement, communicates, and builds a trustworthy, collaborative environment that mobilizes human energy toward teamwork and high performance.
3. **Operational Alignment** – how the organization functions efficiently to achieve its goals and create measurable value, how it structures its activities, achieves its goals, uses information, & manages its metrics of progress and success. .
4. **Dynamic Realignment** – how the organization innovates, adapts, solves problems, responds to adversity, & reconfigures itself as conditions change.

#4 Systems Architecture: Reframing Organizational Transformation

Every element of organization can be clustered into these four simple dimensions. They can be used to analyze past performance, current effectiveness, and future direction.

What is most important: each dimension requires *robustness* and *inter-active alignment*. Changing one dimension will have an impact on the other three. By focusing Organization Development on the *Four Fundamental Alignments*, every leader, manager, and employee can understand why priorities are set, where the organization is headed, what needs to be done to create internal, cross-functional, and external alignment, and how to engage employees in improving their work.

This gives rise to a leadership architecture based on the four dimensions.

Primary Leadership Levers for Organization System Alignment

By focusing primarily on the organization as a collaborative system, not just a patchwork of individual talent, the role of the leader shifts to becoming an organizational "architect" responsible for simultaneous alignment using the four levers:

1) *Strategic Alignment Lever*
2) *Cultural Alignment Lever*
3) *Operational Alignment Lever*
4) *Dynamic Realignment Lever*

> *Tip*: One leader used this framework in his Monday-Friday routine. Monday he focused on Strategy, Tuesday Culture, Wednesday Operations, Thursday Innovation, and Friday assessing how all four worked interactively and synergistically ensuring that structure, procedures, rewards, roles, responsibilities, relationships, interconnections created greater value.
>
> From an analytic perspective, when something was awry, the leader could quickly assess which dimensions needed adjustment; often two or more needed simultaneous attention.
>
> This was distinctly different from the previous general manager who was always focused on operational best practices and achievement of goals, but overlooked the bigger picture that was really required of a strong collaborative leader.

Fallacy of Individual Training & Development

From years of work in organizations, we know that individuals, trained outside of their "native" teams will have extreme difficulty integrating their learnings.

The "corporate immunal rejection response" will see them as a foreign body and try to spit them out. Frequently this ends up with a newly enlightened, but disgruntled manager soon seeking employment elsewhere in an environment that appreciates the newly acquired ideas and skills. Alternatively, they continue working, frustrated, unhappy, yearning for a dream that will never materialize.

People as Replaceable Parts

Fragmented conceptions based on *transactional* thinking about how organizations best perform and create value have created misalignments that have been holding organizations in check.

This thinking treats people like "replaceable parts" stems from a long history of a *tactical-transactional* approach to organizations. In this myopic view of reality, "knowledge" (not interactional capability) "is king."

When HR aims at building individual *competencies* via training programs, it believes, naively, that transformational change is likely to happen according to the company's strategy and then sells top management on training programs designed to develop those competencies, believing that evolutionary change will likely follow.

Little credence is given to organizational *systems interdependencies* & *interactions* that make the difference in generating high performance in the collaborative, *inter-connected* organization.

Organization Development has an Identity Problem

One of the impediments to transformation is the vague conception of Organization Development (OD) itself. Its own conception is typically uninspiring and does little to create transformational alignment, such as illustrated in these two examples of the "*definition of OD:*"

"Organization Development is a planned organization-wide effort, managed from the top, to increase organization effectiveness and health through planned interventions in the organization's processes, using behavioral-science knowledge;"

or

"The objective of OD is to improve the organization's capacity to handle its internal and external functioning and relationships. This includes improved interpersonal and group processes, more effective communication, and enhanced ability to cope with organizational problems of all kinds."

We propose a more impactful approach (see the Four Alignments) that enables leaders to grab hold of the levers of change and produce powerful results.

The absence of a Systems Design Architecture that integrates and aligns organizations and human behavior has been a major impediment to transformational leadership development.

All change is disruptive, unsettling, and filled with anxiety and uncertainty.

Without a potent design architecture, leaders are left to patch together fragments of experiences, incomplete advice, and a hodge-podge of often conflicting patterns, information, ideas, and processes that produce misaligned results.

The Architecture of Collaborative Excellence enables leaders to create structures that are productive, adaptable, and fulfilling to the people who commit the largest part of their lives to work.

What's needed is another shift in thinking and structure to integrate and align development individuals, teams, leaders, and organizations.

#4 Systems Architecture: Reframing Organizational Transformation

Greatest Perceived Obstacles

When we ask senior executives about the biggest obstacles they face when creating better leaders and managers, they typically cite the last two decades of personnel cutbacks to satisfy Wall Street's demand for higher profit margins have hollowed out the companies, creating too few people with too little time.

However, few executives understand that enormous amounts of time are being gobbled because of muddled cultures that result in enormous non-value added work, unnecessary conflict, poor information flow, duplication of effort and especially reactionary "firefighting" to put out blazes that could have and should have been prevented in the first place.

To complicate things more, non-collaborative cultures account for high levels of turnover – the average Millennial turnover is 25% annually – keeping organizations in a constant churn mode. Any sense of personal well-being is undermined by high levels of FUDD (Fear, Uncertainty, Doubt, & Distrust) that permeate too many organizational cultures.

What's discouraging is that each one of these obstacles has a solution embodied in Collaborative Excellence. Most of the solutions are basic, simple, and straightforward for those who want to take the time to listen, learn, and lead.

> *Without Collaborative Excellence, complexity creates fragmentation, polarization, and enormous amounts of non-value added work.*

Integrate Individual, Team & Organization Development with Leadership Development

The Collaborative Systems Architecture's purpose is to provide a framework for individuals, teams, leaders, and organizations to get on the same page, work with a common purpose, and align their objectives with a potent alignment methodology that produces transformational results.

This shift requires a re-conception of the long-standing transactional models by introducing by recognizing that organizations are complex interconnecting architectures that must be orchestrated and integrated to work synergistically and function efficiently.

Integrating the 4 Development Processes

This is the objective of "alignment." When an organization comes into alignment, individual behavior can be fully supported and sustained, primarily because the individual's pattern recognition system sees a clear, holistic, unified pattern (not the muddled, fragmented pattern representative in most organizations that set up conditions for mediocrity or failure).

People are genetically programmed to recognize synergy.

> It's one of the reasons we love sports. When a team operates synergistically, it performs at an exceptional level, and the results are obvious and measurable in the number of wins and losses. The crowd in the stands senses it immediately; it sends a jolt of high energy into both the team and fans.

This is why we need transformational systems design architecture and why we need to train leaders to be "architects" who can transform organizations by using the Four Alignment Levers

From Skills to Collaborative Capabilities & Systems Architecture

We've seen senior executives fail when they tried reorganization, or reconfigurations of organizational structure, or a reorientation of the pattern of roles, responsibilities and relationships. Moving players in an organizational structure generally accomplishes little.

The shift requires corporate senior leadership team to join forces with the HR department to orchestrate a process aligning leadership development with individual, team, and organization development around the four alignments. This necessitates more orchestrated effort than simply signing individual managers to attend competency-oriented training programs.

It is an approach with clear strategic and operational objectives, it is a shift in mindsets, skill sets, solution sets, and rewards/metrics required to adapt to the demands of emerging business models in a new networked structure of commerce. The rewards are unquestionably worth the extra effort.

Part 4: Foundations of Collaborative Excellence

We are faced with the harsh reality: we must reconceive the leadership development and delivery paradigm to yield a much stronger impact, with better, measurable business results.

This requires we reconceive the frameworks, strategies, and processes of leadership development, moving from a "skills-training" model to one that systematically "builds capabilities" that produce measurable value in the field of action where leaders move proactively and adaptively in the face of perpetual change.

What's more, for leaders to capture the high ground of transformation, they must envision themselves as collaborative "architects" employing a systems design architecture that translates and scales from the "macro to the micro" – from interpersonal relationships to full scale organization transformation - and everything in between, including team leadership, internal cross-functional teams, complex project management, and strategic alliances.

The paradigm shift requires a re-conception of the long-standing models by introducing systems-thinking into the picture, recognizing that organizations are complex interconnecting architectures that must be orchestrated and integrated to work synergistically and function efficiently.

This is the objective of "Four Alignments." When an organization comes into alignment, individual behavior can be fully supported and sustained, primarily because the individual's pattern recognition system sees a clear, holistic, unified pattern (not the muddled, fragmented pattern representative in most organizations that set up conditions for mediocrity or failure).

In Pursuit of Synergy

People are genetically designed to recognize synergy; when we see it, we perk up, our energy "gets a charge." We observe synergy especially in music, dance, and sports; while we experience the opposite in politics, law, and reality T-V. In organizations, *synergistic* systems have several characteristics in common:

First, their *culture* and *leadership* is typically *collaborative*, (not *transactional*, certainly not *adversarial*) that supports teamwork and innovation.

Second, there is a strong level of *trust* among the participants, which enables sharing of ideas, insights, and problem analysis

Third, *diversity* in the system can be used as an advantage to produce more with less or new ways of creating value.

Fourth, *human energy* is aligned and directed toward a common vision, goal, or solution.

Fifth, people have "*collaborative-competitive"* spirit that constantly want to keep their edge, challenging their teams to be constantly improving.

This is why we advocate a Collaborative Excellence *Transformative Action-Learning Curriculum* aimed at achieving synergies that have attain a 25% (or more) competitive advantage.

Collaborative Architecture Functions like a Computer's Operating System"

Collaborative Excellence is not just a shift in "technique" or "skills," it's a new paradigm which installs a "collaborative operating system" in organizations.

To use an analogy, the purpose of your computer's operating system "architecture" is to align and integrate diverse components to function efficiently and synergistically to accomplish three things:

1. **Manage Assets & Resources:** In an organization, this means such things as the human resources, financial assets, structures, intellectual property, brands, value chain partners, key functional capabilities, technology, and sharing or leveraging resources for multiple users.

2. **Establish User-Interface:** For organizations, the "user interface is the "culture," especially how the culture is a driving force that molds the way people believe in key priorities, perceive their realities, conceive their interactions with others, achieve their goals, understand their roles, priorities, rewards, punishments, and produce results.

3. **Execute Functional Operations:** In the organizational setting, this means the efficient use of resources, cross-functional integration, speed of operations, ability to produce value, run multiple functions simultaneously, interconnect the multiple parts of the network, and provide *services for applications and functions*, such as operations, customer service, delivery of products, research, etc.

Collaborative Impacts: Gain significant Strategic, Operational & Economic Value

No organization should consider shifting to a new paradigm *unless* there is a *compelling rationale* for making the move. Based on our experience in the field and numerous case examples, more than two thirds of companies can expect the Collaborative Excellence Design Architecture will yield powerful results.

Compelling Rationale

- Increase **Performance, Productivity, & Profitability** 15-30%
- Reduce **Turnover** 25%, increase Millennial **Job Retention**
- Increase **Innovation Flows** – 2-5X,
- Increase speed of **decision-making** 10%-50%
- Reduce **Litigation** & **Reduce Risks** by 20-30%
- Increase **Trust** 10-50% (10% increase in trust translates to a 40% increase in employee well-being)
- Increase **Customer Satisfaction/Retention**, Use Customers as part of your "Innovation Engine"
- Manage **Complexity** in Organizations and Projects – on-time, on-budget delivery
- **Enable Successful Management of Multiple Cross Boundary Integrations**
- Tear Down Silos blocking **flow of information & innovation**
- Shorten the **Time** required to gain the advantages of Collaborative Excellence

- Double or Triple **Alliance Success Rates**, Become the **Partner of Choice** in your industry
- **Utilize Learnings** from each collaboration across the spectrum of corporate operations
- **Receive Maximum Value** from each collaboration
- **Manage Complexity** in Organizations and Projects – on-time, on-budget, on-target delivery

Six Core Foundational Frameworks

All systems architectures are composed of sub-systems.

> For example, a building's architecture is composed of subsystems such as foundation, structure, heating, ventilation, air conditioning, plumbing, electrical, fenestration, fire safety, and so forth. A human's architecture is composed of subsystems such as neural, pulmonary, vascular, gastro-intestinal, and so forth.

So too Collaborative Excellence Architecture is composed of subsystems – which, for the sake of clarity, we have chosen to call "frameworks," to distinguish from the larger holistic systems design architecture.

Codifying & Learning the Architecture's Building Blocks

Yes, there is no doubt we need a solid, dependable Architecture of Collaboration, but that alone is insufficient – we need a means of codifying it, teaching & learning it, and transmitting it to thousands of people if it is to be broadly impactful and sustainable. Any design must be, at its core, simple, logical, and easy to comprehend – otherwise no one will remember it.

Having examined the fundamental causes of success and failure in thousands of alliances, high performance teams, cross-functional interactions, intercultural interplay, strategic initiatives, complex projects, mergers, acquisitions, turnarounds and other collaborative ventures, we've identified *six fundamental core areas* (see **Figure 1**)where joint initiatives took the critical path toward success or failure, victory or defeat.

Please Note: The Six Frameworks are presented in *outline form* in the Proprietary Appendix because the material is highly proprietary and represent privileged intellectual property reserved for my forthcoming book on *Collaborative Excellence for Leaders*.

Figure 1: Six Frameworks Composing the Core *(Basic 101 Level)* Collaborative Excellence Architecture

These become the basic foundation of the Collaborative Systems Architecture. As our Collaborative Excellence Program moves forward, each Transformative Action Learning participant, preferably working in teams, will be successively introduced to each of the Six Core Frameworks.

Each of the program's workshops focuses on how these core frameworks[9] can be applied to real-life situations in the work environment.

The six frameworks are simple, easy to learn & remember, elegant to use .

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[9] Note: These six core architectures were chosen because they have the highest impact and leverage on outcomes – the *building blocks* of collaborative excellence, and are universal to virtually every condition, strategy, or requirement of Collaborative Excellence.

#4 Systems Architecture: Reframing Organizational Transformation

Using commonly accepted learning nomenclature, think of these as "101" basic level for all people and teams.[10]

In addition we have "201" advanced level programs for those who have finished the 101 level programs – see .**Figure 2** (The Organization Transformation Program is discussed in the Appendix)

Figure 2; 201 Advanced Level Leadership Programs

Integration of the Frameworks from Micro to Macro

One of the biggest frustrations for anyone learning a new field of specialization or profession, or any new approach for that matter, is the problem of having to integrate the models and perspectives of one field of learning into another.

> For example, in business, courses in marketing don't use frameworks that are translatable into finance, or into supply chain, nor into customer service. This is principally because one professor's teaching doesn't cross-connect to another expert's writing, and so forth. The expert teachers seldom, if ever, meet together to co-design courses, and present a well-integrated learning approach.

> In the sciences, chemistry professors don't co-teach with biology, applied mathematics are isolated from economics, and the list goes on.

Academic fiefdoms stand in the way a symphony of learning. Sadly, students have no expectation that there will be any weaving of an educational fabric of cross-specialization learning. We think the failure to present integrated learning is intellectual laziness, academic arrogance, and a reflection of the muddling of *adversarial, transactional and collaborative* thinking. People participating in the learning experience deserve much better.

Our team jointly creates courses, bringing the best thinking to our Action Learning, integrating frameworks to so that each flows seamlessly into the next. In this way there can be a common language, architecture, and understanding across and within the organization.

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[10] These six frameworks can be adapted contextually for different industries, specializations, and functions.

We have carefully integrated each of the six frameworks and present them as an array from the "micro to the macro," meaning we start from the fundamentals of individual human behavior and work progressively to interpersonal interaction to teams to cross functional integration to complex systems and organization transformation.
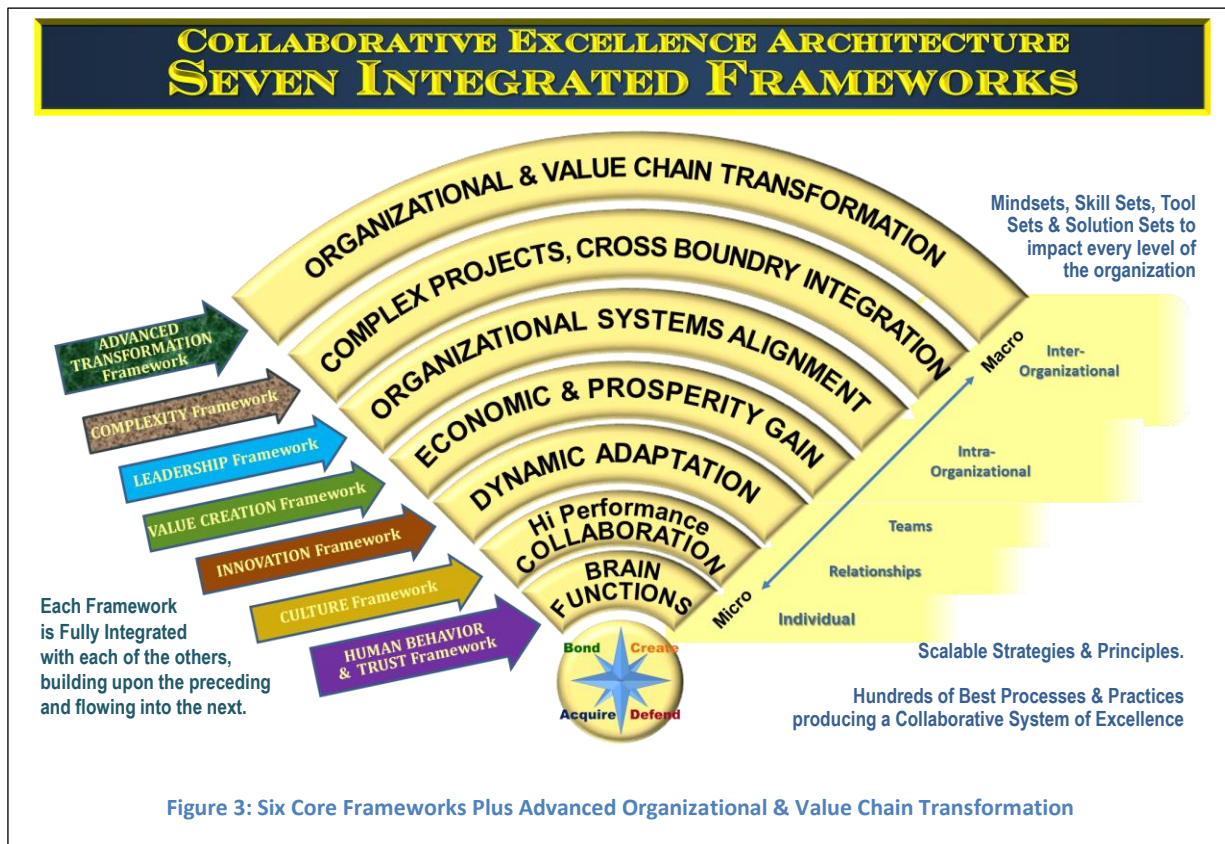
Figure 3: Six Core Frameworks Plus Advanced Organizational & Value Chain Transformation

In **Figure 3** the design starts at the "micro" level with the brain and human behavior, and walks up the array with the elements required for collaboration at the individual and interpersonal levels, with each segment being seamlessly woven into the building block for the next segment, ultimately expanding to complex organizational systems.

Each of the frameworks seamlessly builds on the prior framework, making integration of the ideas and models simple, easy to comprehend, and straightforward to apply. [11]

This methodology is an important factor in our strategy to integrate Individual, Team, and Leadership Development into Organization Development.

Best Processes & Practices must Support Systems Integrity

With systems architecture clarity, we can then hang detailed best processes & practices and improve the practices that increase the systems synergy.

---

[11] Note: These six core architectures were chosen because they have the highest impact and leverage on outcomes – the *building blocks* of collaborative excellence, and are universal to virtually every condition, strategy, or requirement of Collaborative Excellence.

#4 Systems Architecture: Reframing Organizational Transformation

So too can we isolate those practices that destroy or undermine the integrity of the system because they were actually designed for transactional or adversarial cultures.

While the best practices will change and evolve over time, the architectural principles – the "core truths" remain steady.

What's more, the Collaborative Excellence Architecture provides the frameworks for *any* collaborative endeavor -- alliances, cross-functional integration, project management, etc. -- making it a "universal passport" for much broader application – opening the avenue for engineers to evolve into experts in collaboration – the next generation of organizational transformation.

Business leaders are more likely to seek solutions to broad problems via Collaborative Excellence because there is a common language and set of frameworks. In this way, cross functional teams can work across boundaries with a universal mindset, skillset, toolset, and solution set applied across entire value chains and networks, and better recognized for the value they catalyze.

TRUST is the Central Organizing Principle of all Collaborative Enterprise
Without trust, a massive psychic vacuum is filled with FUDD – Fear, Uncertainty, Doubt, and Divisiveness.

10 Key Factors for Success

Based on our extensive experience in organizations, we have found 10 factors that have a direct impact on success:

1. **Compelling Rationale** – a strong reason for the effort and a powerful strategic vision/direction.
2. **Worthy Value Proposition** – the effort (time, money, and human energy) is a good investment
3. **Commitment of Senior Executives** – a Senior Leadership Team that is united in the effort that endorses and reinforces the results/methods by empowering their team culture Sponsors for change are critical to Executive Education and implementation in organizations.
4. **Clear "Metrics of success" & Diagnostics of Health** – without common measures of performance, there is not unanimity of vision, value, methodologies, and results.
5. **Belief that collaborative leadership produces results** – leaders must be unequivocal that collaboration is effective and essential.
6. **Four-dimensional leadership alignment** – great collaborative leaders align their organizations 1) strategically, 2) culturally, 3) operationally, and 4) dynamically in time.
7. **Alignment of values, strategies, operations, and rewards** – ensuring that these four factors are congruent and synergistic.
8. **Quality and alignment of coaching** – coaches use a common architecture of leadership frameworks, operational engagement, and methodology for producing results.
9. **Clarity of architecture of collaboration** – simplicity and precision about what collaboration means, how it differs from congenial, transactional, and adversarial.
10. **Commitment to Trust Culture --** based on core principles of human interaction including fairness, integrity, respect, truth, honor, moral character, & unification of purpose.

Integrated Diagnostic Assessment

Before any deep engagement with a company, we recommend a Base-line Assessments of Organizational Health gathered early in the process to understand its collaborative health and key trigger points.

This enables us to pin-point exactly where the organization is strong, where it needs strengthening, what's going awry, and the key trigger points need to manage to help you put the organization back on track. The Assessment will identify whether the problem is:

- o "Systemic" (occurring multi-dimensionally throughout the organization), requiring a reconfiguration of the "architecture," or
- o "Process-driven" (requiring fixing broken or inappropriate processes) or
- o "Best practice-oriented" (necessitating a focus on skills development).

Assessments help guide in customization of training & develop programs and also used before initiating any large project, alliance, or acquisition to maximize value creation and ensure future success.

These *Integrated Systems Diagnostics* are underpinned by a proprietary *Behavioral Algorithm* jointly developed Harvard Business School Professor Paul R. Lawrence and Robert Porter Lynch.

> Architecture, because it is holistic, enables more accurate diagnostics and prescriptions, whereas Best Practices are too detailed and granular. Architecture is easier to remember because it's simpler*.*

Reaping the Value of Pracademics

Business dissatisfaction with Executive Education led to a dismal statement directed to me by a CEO of a very large global oil and gas company:

> Those who can achieve, go into business, those who can't, teach.

He didn't mean the comment as a personal affront, but rather as a point of disappointment. I knew he really wanted me to respond out of mutual respect. I explained:

> The best leaders are usually good teachers because they are always seeking to develop the people in their organization. I spent the first half of my career as a leader and entrepreneur, as a high achiever. But I also found I was a seeker of wisdom and truly enjoyed having a team produce great results.
>
> As a Pracademic, I entered the world of teaching in the last half of my career. But lecturing was the last thing I ever wanted to do. I was really a coach dedicated to seeing people do more than learning. I wanted people to ask questions, probe, explore, innovate, find deeper meaning in their work, and challenge each other to perform as a unit at a world class level. That gave me a thrill far greater than any personal achievement.

The typical "pracademic" has a Masters Degree in a professional field, has written extensively (books or articles), has integrated academic learning with practical experience, has had twenty years or more working in their field, and is an excellent coach, facilitator, and teacher. They bring more than knowledge; they are living case studies, and are usually committed to empowering others, which is what they did in their careers in business and continue to do in Executive Education.

The CEO lamented that he wished there were more Pracademic in Executive Education. That comment was one of the motivating forces for our work.

A quality Pracademic must be considered either an honored peer, thought-leader, or trusted advisor. This requires an instructor who is both academically learned, *and* has extensive field experience enabling the instructor to respond with real-life solutions.

Additionally, the participants will often challenge the instructor as a test to see how well a response might play in front of a CEO or other senior executive. Instructors whose experience is shallow or naïve will fail this test. Further, experienced instructors, when they hear a question, will have a sense if there is a deeper, underlying issue more profound than the question on the surface. For this reason, team teaching by an academic paired with a senior experienced engineer is valuable.

The Digital Transformation has opened a new pathway for the orphaned pracademics without a home in academia and simultaneously undervalued by low-budget management training programs providers. Today companies have only to go on-line in their global search for the right high-value capability builders who provide not just content, but real programs based on field-tested success coupled with years of senior-level expertise.

The Best Pracademics are "Resultants"

A "Resultant" is a person who works with leaders and whose primary focus is getting the right results the right way.

Differentiating a Consultant from a Resultant

Here's a way to understand the difference between a consultant and resultant:

	Consultant	Resultant[sm]
Purpose	**Provide Expert Advice and Counsel**	**Provide Strategically Based and Operationally Successful Performance**
Vision and Value	**More Consulting Projects from the Client**	**Increased Performance, Higher Profits & Revenues for the Client**
Project Type	**Analysis and Recommendations**	**Program Building and Implementation**
Result	**Long Report** **Complex Implementation**	**Revenues, Profits, Competitive Advantage** **Rapid Results Expected**
Pricing	**Expensive (3-5,000/day)** **Questionable or Ambiguous Value**	**Value-Centric Costing** **Results or Incentive Based Compensation**
Approach	**Limited Senior Account Supervision** **Many Young MBAs for Analysis**	**Experienced Part-Time Executive** **Build Internal Capacity to Continue Gaining Results**

◆ **Consultant**

- **Will either send in a team of many junior level new hires, or a solo individual,**

- **Analyze a Problem, then provide a recommended solution, leaving the implementation up to you.**

◆ **Resultant[sm]**

- **Will provide a senior executive or senior team to diagnose a Problem or Opportunity with your team,**

- **Examine the most effective and executable alternatives based on your strategic goals and capacity to implement, then either:**

- Catalyst-Coach helps you initiate a plan or program, or

- Player-Coach taking an active role in implementing with or for you, and when involved in performance-based compensation, take co-responsibility for the result.

- Engage people who have to implement the Plan in its development and details of its implementation, understanding that "people support what they help create.

Philosophy of a Resultancy^{sm}

- Our Resultant^{sm} model is designed to reflect our Collaborative Architecture itself.

- All research, strategic design, business plan development, and implementation will be done in conjunction with and including your team.

- Our team of outside experts works as an alliance partner with your internal teams, including them in any and all facets of the process as is mutually agreed upon.

- The objective of our Collaboration is to transfer our learning to your internal core team to enable them to be capable of long term success. In other words, we want you to be filled with Collaborative Capabilities and become self-reliant (not dependent upon us).

- We will not recommend a strategy that we think cannot be executed effectively nor implemented unsatisfactorily

What Roles are appropriate?

You should give careful consideration to exactly what you want to produce for an outcome. Some options include:

- **Advisor**:   Provides Expert Advice, Knowledge, and Counsel
- **Coach**:   Stimulates & Builds a World Class Team
- **Leader**:   Takes Responsibility for Producing Results
- **Communicator**:   Gets an Important Message Across to People
- **Catalyst**:   Initiates Action, Provides Key Missing Elements
- **Researcher**:   Diagnoses Problems, Identifies Core Issues
- **Facilitator**:   Builds Bridges, Opens Pathways
- **Trainer**:   Imparts Knowledge and/or Skills
- **Power Enhancer**:   Creates Power (or neutralizes power) within the organization
- **Implementer**:   Puts program in place and takes responsibility, risk, and rewards for the results
- **Capability Builder**:   Trains Internal Teams & Staff to become highly effective, Establishes Organizational Functions, Generates Internal Support

How do I get the most from a Resultant?

- **Value Proposition**: Know what you want and what the Resultant's value proposition is. This defines whether there is a mutual win or not. If the value proposition is unclear or poorly matched, chances are you will be unhappy.

- **Clarity of Expectations**: Get a clear statement of goals, roles, outcomes, time tables, and payment terms that are mutually acceptable to both parties.

- **The Unexpected**: For many assignments, it is normal that once begun, other issues will be uncovered and require a redirection and a deeper set of assumptions, thus requiring a repositioning as new data or events unfold. Discuss beforehand how both parties will act under these circumstances.

- **Commitment**: Be sure both the sponsoring and consulting companies have fully committed champions who are fully capable of making decisions and receiving top level support for their efforts. Having to jump back and forth between operational managers and decision-making leaders can be frustrating and even confounding.

- **Empowerment**: Be sure the Consultant or Resultant has a track record of leaving companies stronger and more powerful after their assignment. Many consultants have the intention of creating a co-dependent relationship requiring relentless needs for their services; avoid this under all costs. If you need continued assistance, it should only be for services that take you to a new level or an annual "health-check"

- **Integrity**: Can the Resultant[sm] look a CEO straight in the face and say "No, your pet idea will do damage and I do not recommend it," even if this stand will mean the termination of the contract? Without the integrity to say "bad idea, because …." the advisor will be nothing more than a puppet, and have no real value.

- **Architecture**: The very best advisors take a holistic view of your organization, its strategy, its people, its assets, and its vulnerabilities. This means they take a "systems perspective" about how everything connects, flows, and functions. Advisors of this caliber have a "design architecture" that frames their thinking, awareness, analysis, and actions. First, be sure your advisor has a very empowering architecture; second, be sure your advisor shares it with you; third, be sure you understand it well enough for you to be "in tune" with your advisor's thinking.

- **Senior Leadership Team Buy-in**: Before launching new initiatives, it's so imperative that your senior team be aligned and supportive. If this isn't the case, let your advisor help you gain this alignment at the outset.

See **Appendix 12 – Contracting for Services** for details on the Service Level Agreements for Client Engagement.

Part 5: Game Changer Strategy

Implementing Collaborative Excellence – Leaders Must Consider

Looking back on the last fifty years of poor leadership and major corporations falling into disrepair (think General Electric, Motorola, Kodak, Sears, et. al) we might observe that altogether, organization development and "change management" has been:

- **Too Tactical** – we need to be more strategic and focused on sustainable competitive advantage.
- **Too Cost Driven** – we need to be more articulate about how we create more demonstrable value
- **Too Transactional** – we've been trapped in this line of thinking, which has sub-optimized the real power of collaboration among different specialties and different functions
- **Too Muddled** – we constantly get trapped in the swirling vortex of conflicting and misaligned business philosophies (*Adversarial vs Transactional vs Collaborative)*
- **Too Protective** – among other professions and functional specialties, we are too protective, isolated, and marginalized.
- **Too Managerial** – while management is an essential factor in stable operations, there are times when leading and championing is the cutting edge that must be used to cut through the clutter of fuzzy thinking.
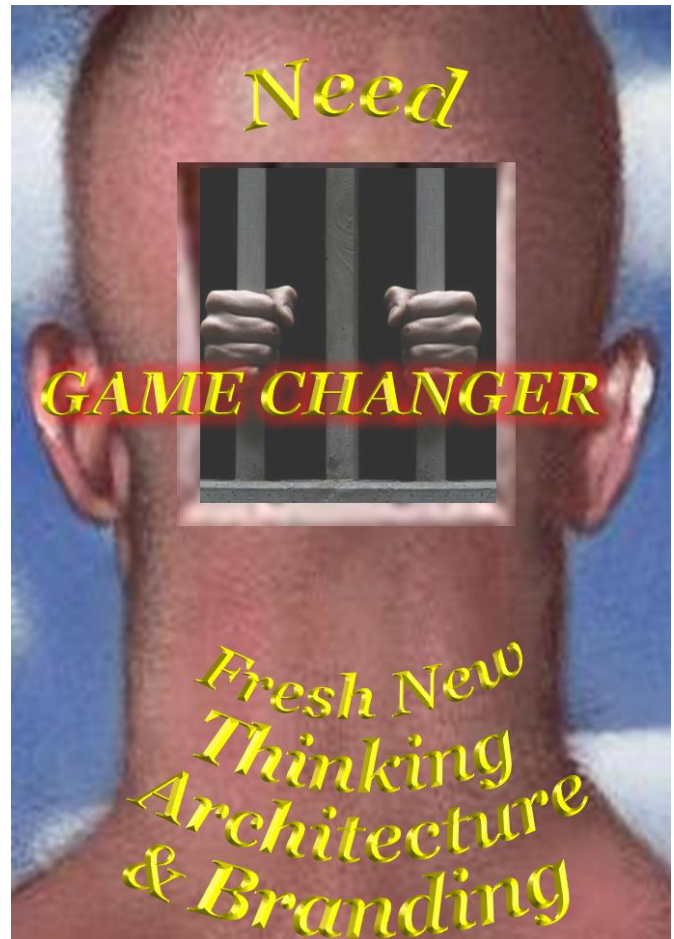
Reframing "Change Management"

The field of "Change Management," while popular in the literature, has been generally been plagued with poor results All-too-often it is pigeon-holed on fringe of corporate structure, where talent has been sub-optimized.

> For example, the organization development profession (the lead author's graduate education is in this field) has lacked a systems architecture for human behavior and organizational functioning. The terms "change management" and "change agents" just poorly conceived. In our workshops we've asked hundreds of people whether they thought the word "change" had *positive*, *neutral*, or *negative* connotation. Consistently more than 50% experienced "change" less than positively.
>
> Combine the words "change" and "agent" and people thought the effort was being conducted by subversives. Moreover, "change management" is misconceived – change is not really "managed," it requires leadership, strategy, culture, and a lot of trust.

To be successful:

We must become *Masters of Collaboration* bringing new levels of value to stakeholders.

We must *migrate/imbed Collaborative Excellence and our new messages in centers of power*

We must be welcomed everywhere *complexity requires trust and teamwork* – every project, department, cross-functional team, supply chain, as well as strictly engineering functions.

We must think of ourselves as *leaders*, as *champions of innovation*, as *integrators across boundaries*, as *socio-economic-technical system problem solvers*.

We are advocates of the *Collaborative Shift.*

We need to change the way people think about *collaboration* itself, the *blockages* --the changes required to *elevate thought and action* – it's a *leadership challenge* we must meet.

Control & Risk Management

Control will always be a big issue; lawyers and finance -- the controllers of corporate decision-making -- are the guardians of risk and the bottom line.

> Nothing is inherently wrong with their roles, but we need to address the fact that, at the current level of thinking, Legal Agreements & Financial Controls do not create successful collaborations and often get in the way of many successful projects.

> This is because the Legal Profession, at its core, is based on the belief that *adversarially* pitting two parties against each other in court will yield the truth (a questionable premise); the Financial Profession is based on *transactionally* assessing monetary flow; bolstered by the Risk-Management Profession, which assesses risks *transactionally*, never factoring in the power of *collaboration* to lessen risks by up to 30%.[12]

In major projects, often engineering professionals are given the solemn responsibility to eliminate the risks of failure. As would be expected, they examine every technological issue that could throw a wrench into the gears of success. They hire hard-nosed lawyers to buttress their initiative with iron-clad contracts. Computer savvy accountants produce intricate financial models that boast marvelous returns on investment.

> Again and again, as major projects evolved, most traversed either the *adversarial* or *transactional* pathway toward failure. Tragically, the project managers became victims of the social risks by enabling *adversarial* or *transactional* thinking to get in the way of good judgement, common sense, and streamlined implementation. Engineers, without any grounding in Collaborative Systems Excellence, never understood how collaboration actually REDUCES RISKS & TOTAL COST OF OWNERSHIP. They never conceived their role as "collaborative systems architects" who might blow the whistle to avert having their "ship run aground."

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[12] Conclusion from **Future Path of Mega Projects** by Professor George Jergeas & Robert Porter Lynch, 2015

The Game Changer Shift

The ***GAME CHANGER STRATEGY*** requires shifting to a more powerful stance ……….

- ➢ From Muddled Transactional Management ➔ Collaborative Management and Innovation Leadership

- ➢ From Best Practices ➔ Collaborative Systems Design Architecture

- ➢ From simply Operational Performance ➔ Strategic Leverage & Competitive Advantage

- ➢ From Cost ➔ Value Creation & Risk Reduction

The ***GAME CHANGER STRATEGY*** means business professionals:

1. **Become COLLABORATIVE SYSTEMS Orchestrators**
   Symphony of Synergies -- Not Just Professionals with a specialized expertise

2. **THINK, SPEAK & DESIGN Differently – *Shift* the Architecture**
   Advocate, Champion, Demonstrate the Collaborative Imperative

3. **Show LOWER RISK, HIGHER SUCCESS, GREATER PROFIT**
   through Collaborative Strategies, Culture, Operational Best Practices

4. **Demonstrate VALUE & COMPETITIVE ADVANTAGE**
   that is MEASURABLE that becomes MONEY

5. **Interact with POWER CENTERS in your Company**
   Understand Transactional, Deal Mentality - *Shift & Elevate* Game of Business

6. **EDUCATE, BUILD TRUST & BUILD CAPABILITIES**
   in the New ARCHITECTURES – people must feel stronger as a result

This is the Paradigm Shift in Leadership Development.

Value Delivery & Risk Reduction

We must demonstrate that *collaboration* delivers more value and reduces risks far better than

adversarial or *transactional* tactics wherever complexity reigns.

Our business colleagues must see us as far more than Executive Development Professionals; we must be regarded and positioned as Value Creators, Value Deliverers, and Value Maximizers (see **Figure 4**).

Value Creation & Maximization is a Discipline which is a key component of the Core Collaborative Excellence Architecture. It must be part of every operational team's core thinking – and mastered by senior management.
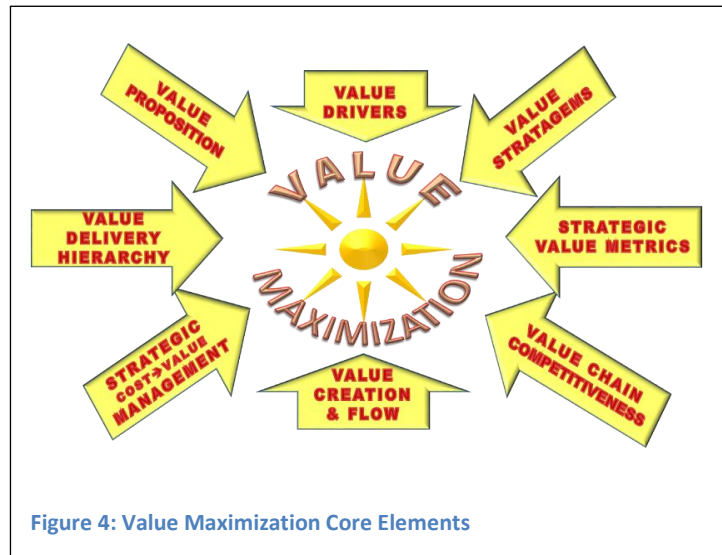
Figure 4: Value Maximization Core Elements

Note: MBA programs should have had a course in Value Creation to augment finance courses.

The value can be achieved rapidly through the *Economics of Trust* which produces significant Increases in Productivity & Profitability from its leverage upon:

➢ Increases in Speed & Flow
➢ Increases in Innovation & Problem Solving
➢ Reduction in Non-Value Added Work (Lean)
➢ Reduction in Breakdowns @ Interfaces
➢ Reduction in Job Turnover & Disengagement
➢ Increases in Simplicity, Synchronicity & Synergy
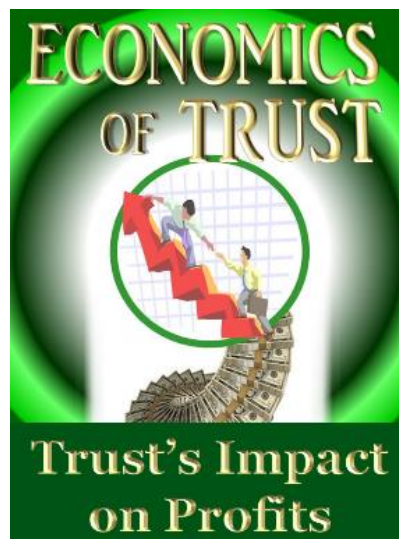
Conclusions

Collaborative Systems Excellence is an idea whose time has come. There is, indeed, a compelling need for leadership, specifically collaborative leadership. This need will only escalate in the future.

There is a very deep-rooted dissatisfaction with current leadership development, but few really understand the cause or the solution. Leadership Development has four major hurdles if it is to move out of its current paradigm:

1) Lack of Systems Architecture,
2) Need for Action Learning Application,
3) Fallibility of Academia to change organizations,
4) Need to integrate Individual, Team, Leadership, and Organization Development.

Impact from the Collaborative Excellence Architecture will only be felt if there is an effective method of transforming the Systems Architecture into an Action-Learning process that produces measurable impact in the field.

Executive Education is amid a major transformation that is being accelerated by the digital revolution. This will create great opportunities for those organizations that can get in front of the digital wave.

Using the strategies and methodologies in these White Papers, we can deliver twice the value for one half the price.

> *When great intentions yield mediocre results,*
>
> *When the tried-and-true ceases to work,*
>
> *When every attempt to fix things is met with frustration and failure....*
>
> *Then probably the life-cycle's design has reached its limits,*
>
> *And the paradigm is ready to shift.*
>
> *Opportunity is present, creative vision is called for,*
>
> *And bold action in new dimensions is the nature of things to come......*
>
> Robert Porter Lynch

All the Great Problems in the World Today will be Solved on a Foundation of Collaborative Systems Excellence

Appendices that follow are for Internal Use Only

Appendices

Appendix 1 – Summary of Six Core Frameworks of Collaborative Excellence

Having been engaged in examining the fundamental causes of success and failure in thousands of alliances and other collaborative ventures, large-scale projects, mergers, acquisitions, and turnarounds, we've determined there are six key areas where joint initiatives took the critical path toward success or failure, victory or defeat. These become the basic foundation of the Collaborative Systems Architecture. (Outlined below)
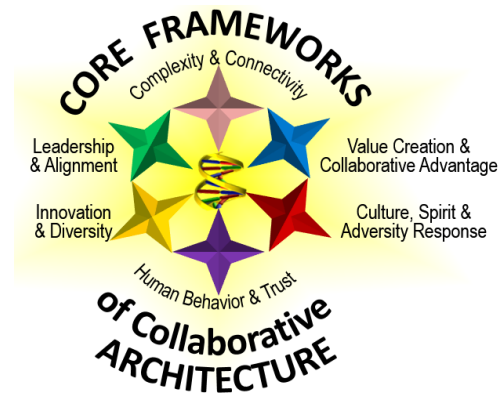
The first, most basic framework is unequivocally TRUST. It is the foundation of all collaborative enterprise. Without trust, a massive psychic vacuum is filled with FUDD – Fear, Uncertainty, Doubt, and Divisiveness.

To understand Trust, we first need a framework for understanding Human Behavior:

#1a: Four-DRIVE HUMAN BEHAVIOR "FOUNDATIONAL" Framework

Developed by mentor and colleague Paul Lawrence of Harvard Business School

- Elegant, simple & straightforward -- the $E=mc^2$ of Human Behavior (Far better than Maslow's Hierarchy)

- Four Drives of the Brain explains why people are "driven" to act, predicts and prescribes behavior.

- Backed up by breakthrough neuro-chemistry research conducted with Prof. Lawrence.

  Neuro-Chemistry of the Brain provides deep insight into Trust & Fear

- Explains how Fear defeats Collaboration – and how to overcome the fear factor

- Flows directly into the Trust & Culture Architectures

Value Delivered

➔ **Quickly Understand Dysfunctions**
➔ **ReAlign & ReBalance Individuals & Teams**
➔ **Foundation of Trust Architecture**

All the Frameworks are based on Science, Research and Tested Practical Experience.

These are guided by "natural"

Tip: Ensure these six frameworks are embodied in every organizational function, and especially in recruitment, hiring, and performance review of senior leaders and managers.

#1b: TRUST FRAMEWORK

TRUST FRAMEWORK

Human Behavior Framework makes a fluid transition into the Trust Framework

Elegant and simple to use

- Trust Ladder & Tornado of Distrust -- powerful tools to create extraordinary relationships.

- Based on Breakthroughs in Neuro-Chemistry

- Includes quick and straightforward tools to assess and build Trust:

  o 8 Principles of Trust

  o Critical Operating Principles

  o How to Rebuild Trust

- Without trust (Tornado of Distrust):

  o Impossible to generate high performance teamwork

  o Very difficult to produce consistent innovation

  o Risky to attempt developing alliances and collaborations

  o Highly challenging for leader to align organization

- Breakthrough modeling to understand *Economics of Trust*, Value Creation and exactly how trust generates productivity, performance, profitability and competitive advantage.

Value Delivered

➔ **Rapid Diagnosis of Trust Breakdowns**
➔ **Prescription to Rebuild/Sustain Trust**
➔ **Sets Foundation for Understanding How Culture Impacts Behavior**

Without Trust, High Performance Teamwork is an illusion

Trust Ladder

Energized	CREATIONSHIP — Innovation & Synergy
Aligned	PARTNERSHIP — Honor & Join Differences
Supported	FRIENDSHIP — Loyalty, Commitment to Another
Belonging	FELLOWSHIP — Community of Belonging
Confident	COMPANIONSHIP — Teamwork, Mutual Win-Win
Safe	GUARDIANSHIP — Honor, Security for Others
Understood	RELATIONSHIP — Listening, Fairness, Respect

Energies of Teamwork — Energies of Innovation

NEUTRAL TRUST — Transaction

Energies of Greed — Energies of Fear

- FUZZY DISTRUST — CONFUSION, SUSPICION Doubt, Anxiety, Uncertainty
- DETRACTION, Negativity, Judgment
- STRONG DISTRUST — PROTECTION, Denial, Withholding
- MANIPULATION Maneuvering, Win-Lose
- INTENSE DISTRUST — DECEPTION Trickery, Corruption, Lying
- AGGRESSION Threats, Attacks
- CATACLYSMIC DISTRUST — CHARACTER ASSASSINATION Betrayal, Excommunication

Tornado of Distrust

EIGHT TRUST PRINCIPLES

1. **F**airness & Reciprocity
2. **A**ccountability & Integrity
3. **R**espect & Empathy
4. **T**ruthfulness, Courage
5. **H**onourable Purpose
6. **E**thics & Excellence
7. **S**afety & Security
8. **T**ransparency & Openness

#2: CULTURE FRAMEWORK

Trust Framework flows seamlessly into the Culture Framework

Enables leaders to "design" culture of the Collaborative System spawning superior high performance teamwork

Why is Culture so Important?

- Between ⅔ & ¾ of all human behavior is determined by *culture* (not personality)

- Leaders are #1 determinant of culture – making Leadership the *Primary Lever of Change,* and Managers are the #2 determinant, embedding and reinforcing cultural principles into the organization.

- Culture Framework enables Leaders to spot flaws and misguided thinking immediately and take rapid corrective action

- The "**START**" Model of Culture (**S**pirit, **T**rust, **A**dversity **R**esponse, & **T**eamwork) is powerful, elegantly simple, and easy to unite teams and alliances.

- Collaborative Cultures:

  o Produce 25% better results (speed, innovation, adaptability, profitability, etc.) than Adversarial Cultures

  o Retain wandering Millennials who experience Collaborative Culture as "family"

  o Propel Innovation & Value Creation in a sustainable cycle of continuous advance

Value Delivered

➔ **Provides both Leaders & Managers with Mindsets, Tools, & Frameworks for Building Great Cultures**

➔ **Enables Rapid Diagnosis and Correction of Culture Problems such as hiring, rewards, and measures of success**

➔ **Easy for engineers and technical people to understand**

➔ **Enables pivotal middle and upper middle management to invest their time in communicating and rewarding the mindset shift.**

The idea of Collaborative Systems "Architecture" is that leaders & managers can step back, fully conceptualize the kaleidoscopic dynamics, not getting bogged down in the details of everyday "sturm und drang" (turmoil & stress), then assess the situation from a perspective of wisdom and insight, taking corrective action.

From a practical perspective, leaders and managers can run through the 6 Frameworks like a 6-Point Checklist, evaluating which elements are missing or dysfunctional
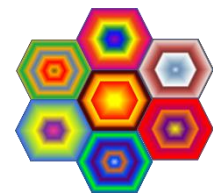
#3: INNOVATION FRAMEWORK

Culture Framework makes a fluid transition into the Innovation Framework

Enables Rapid Adaptation in Fast Moving World

Explains how Trust can enable Diversity of Thinking to produce an "engine" of innovation running on "free fuel" – ideas

Reveals potent framework for unlocking Co-Creative Power of Cross-Functional Teams

- Builds Versatile, Multi-Pronged Innovation Engine to generate expansive Forms & Sources of Innovation to increase competitiveness

- Jump-starts innovation by identifying numerous "Triggers" that spur new levels of insights

- Engages 10 Best Processes for maximizing innovation

- Replicable and easy to understand…. Utilizes *creative inquiry* methodology to unleash hidden ideas

- Uses Creative Inquiry methodology to shift thinking to higher orders of insight

- Produces great results, in high trust, high collaboration cultures

- Transforms Diversity of Thinking, Ideas and Cultures into Massive Innovation Asset

- Uses Collaborative Innovation as a primary mechanism for Collaborative Advantage, Competitive Advantage, and Adaptation to Rapid Change

- Enables Every Employee to become a Collaborative Innovator

Value Delivered

➔ **Sustainable Innovation "Engine" that can double innovation**
➔ **Generate New Value from Existing Resources**
➔ **Maximize Value from Alliances & Collaborations**
➔ **Sets Foundation for Value Creation & Investment Decision Making**

Culture is the Hidden Competitive Weapon in the arsenal of Collaborative Excellence.
Because it's largely invisible to all (except for those who understand collaborative architecture), it is nearly impossible to duplicate.
When the Innovation Engine is engaged,
the ability of the system to adapt, morph, realign, and create new linkages is compelling.

#4 Systems Architecture: Reframing Organizational Transformation

#4: VALUE CREATION & COMPETITIVE ADVANTAGE FRAMEWORK

Innovation Framework makes a fluid transition into the Value Creation, Collaborative Economics and Competitive Advantage Framework

Profitable Economic Engine for Value Creation

- Creates high levels of Productivity

- Uses Trust & Innovation to reduce Non-Value Added Work & cross-boundary inefficiency

- Reduces Risk and Litigation by up to 30%

- Doubles chances of on-time/budget Project Delivery

- Accelerates End-to-End Value Chain competitiveness

- Turns Breakdowns into Breakthroughs

- Enables People and Organizations with Limited Resources to gain Competitive Advantage

- Value Maximization Model transforms the innovation "engine" into substantial competitive advantage – think of it as "collaborative advantage"

- Powerful Tools to generate new value (Including Trust's Impact on Profit Assessment)

VALUE Maximization STAIRWAY

Value Creation
Value Addition
Value Transaction
Value Protection
Value Depreciation
Culture is KING
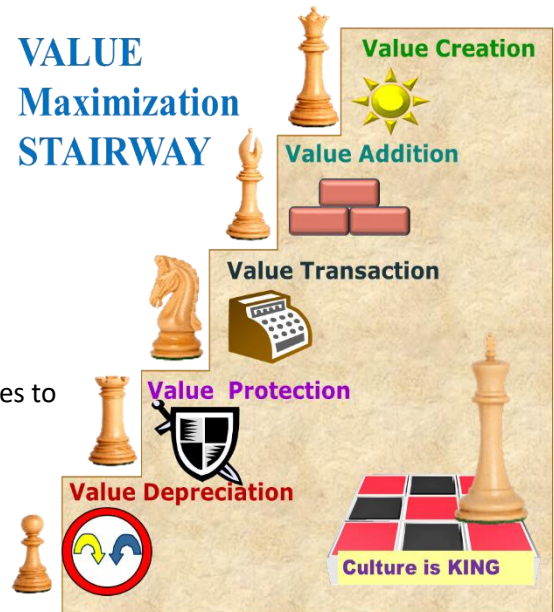
Value Delivered

➔ **Sustainable Competitive Advantage**
➔ **Generate New Value from Entire Value Chain**
➔ **Generates 10-25% better return on human capital derived from the "triumph of small numbers" contributed from each of the collaborative frameworks**

Gain **25%** COMPETITIVE ADVANTAGE

How many times have you heard some executive command a team to "Create Value?"

But have you ever thought about it in depth?
What course in Business School is dedicated to Value Creation?

For the most part, Value Creation has been an elusive dream in the pontifical mind. Our approach capitalizes on collaborative architectures to adapt and maximize value in ways adversarial & transactional systems simply cannot.

VALUE MAXIMIZATION

#5: LEADERSHIP & MANAGEMENT ALIGNMENT FRAMEWORK

Value Creation Framework makes a fluid transition into the Leadership Framework

Four Alignments approach to leadership is a Systems Breakthrough

Leadership has traditionally been agglomeration of styles, traits, characteristics, and habits. This level of thinking is *not effective* – it sub-optimizes talent and bogs things down.

Our breakthrough is *Reframing Leadership* as an Integrated System of Four Alignments

- Enables Leadership to set new direction & Management to drive in the new direction and spur operational, cultural and dynamic realignment implementation

- Like playing "4-Dimensional Chess"

- Fast to Implement , Easy to Learn, Rapid Returns

- Nearly impossible for competitors to duplicate

- Greatly enhances ability to create synergies – the unfulfilled quest of leaders for centuries – because synergy flourishes *Aligned Collaborative Systems*

- Guiding Framework for how to (& not to) Transform Organizations and overcome Resistance to Change

- Empowers managers to build highly effective cross-boundary collaborations, tearing down silos, and triggering new levels of innovation and productivity
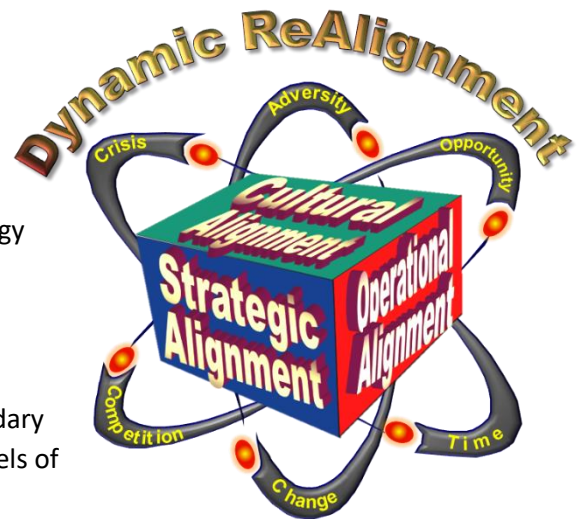
Value Delivered

- ➔ **Synergistic System Producing Massive Advantage & Employee Engagement**
- ➔ **Produces 4-Dimensional Alignment for Complex Systems and Value Networks**
- ➔ **Enables Teams, Cross-Functional Integration, Strategic Alliances & Eco-System Value Networks to function at a higher level**
- ➔ **Protects Collaborative Systems from successful attacks by Adversarial Rivals**

Just as Trust is the Central Organizing Principle for Collaborative Cultures, so is Leadership the Central Aligning Principle for Complex Systems.

Four Dimensional Alignment does for a Complex Eco-System what Gravity does for the Planet – holding the many dynamic driving forces together, preventing disparate parts from flying off in a myriad of directions.

#6: COMPLEXITY & CONNECTIVITY FRAMEWORK

Fluid transition from the Leadership & Alignment into the Complexity and Connectivity Framework

Today's Complex Systems are fluid, with dynamic forces intersecting with strategic aims. Without an understanding of the way the forces interact, leaders typically resort to old, ineffective command and control methods, often turning the system adversarially in upon itself, like an auto-immune disease, foolishly turning partners against themselves, destroying the synergies that nourished them.
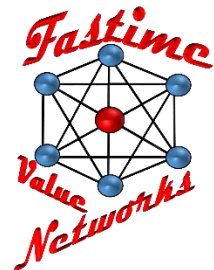
The Complexity & Connectivity Framework provides:

- Leaders with clear guidance and options on how to address complex projects and multi-member alliances, keeping the system aligned, balanced, & integrated
- Fluid Interaction in the Eco-System, continuous innovation & dynamic realignment
- Create Agreements & Alliances that enhance teamwork and alignment of interests
- Massive Competitive Advantage by doubling innovation flow across the network
- Provides Risk Managers with a Guidance System to assess culture, uncertainty, and alignment. lowering risk by up to 30%
- Redesign complex projects to ensure massive benefits from collaboration and avoidance of drawbacks of the Law of Compounding Interfaces/Risks
- Methods & Tools to Anticipate & Thwart Breakdowns before they happen, diagnose Compounding Risks & Fragile Breakdown Points and Turn Breakdowns into Breakthroughs
- Gain Positive Benefit from the Law of Unintended Consequences
- Utilize ISO 44001 – Collaborative Business Relationship Management – to build high performance Value Networks

Complexity requires collaboration for its successful management

Complexity will
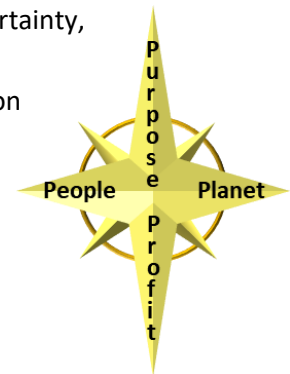
Value Delivered

➔ **Multiple Applications in a Wide Variety of Complex Organizational Systems**
➔ **Prevents poor decision-making and mis-diagnosed Cause & Effect relationships.**
➔ **Significantly increases success rates of teams, projects, turnarounds, alliances, and organizational transformations.**
➔ **Enables Value Networks to function within internal organizations & entire value chains**
➔ **Produces the "elusive" Synergy that has been the quest of competitive advantage by aligning diverse and opposing energies which can be transformed into insights and innovation, speed, and rapid adaptation.**

Value Proposition

Learning Mythology

The greatest myth in training programs is the false belief that knowledge brings results. Studies show that simply attaining knowledge does not improve performance. Adults learn differently than youth — adults value learning when it can be applied to an immediate problem, opportunity, or objective, which gives it utility and impact…

When adults immediately APPLY what they learn, they retain 80% three weeks later.

When they DON'T APPLY, they've forgotten 80% three weeks later.

Appendix 2 – How Collaborative Excellence Creates Value

Value Proposition

Most companies that lose their competitive edge don't suffer a cataclysmic death – they fade away from slow erosion of spirit and creeping corrosion of their essential drive to win.

> Inspiration is replaced with perspiration, then exasperation, finally exhaustion.

When measured, this erosion and corrosion certainly manifests in the bottom line (which is actually a poor *lagging indicator* of what are more significant leading indicators) – usually spread across the spectrum of organizational functioning.

This erosion and corrosion is typically a creeping incremental decline, known as the "Tyranny of Small Numbers"

The Rationale and Quantum Value for the Collaborative Shift

Shifting and transforming a company, particularly a very large one, is a massive task for CEOs, particularly because there are so many moving parts, people, processes, and imbedded thinking. Unless a company is in bankruptcy and needs and instant turnaround, a more reasonable collaborative strategy is called for.

The Collaborative Excellence strategy and value proposition aims at restoring vitality and shifting the very foundation of Competitive Advantage creating a supercharged competitiveness through Collaborative Advantage – the capacity to align entire organizations and value chains with the power of Collaborative Excellence.

This is done through the "*Triumph of Small Numbers*"

Here's how it works:

> Each of the Six Frameworks produces at least a 3%-5% advantage, which accumulates to 20% or more.

We've tested this in real life, in hundreds of case studies, in over a dozen industries, with data from client engagements, third party experiences, and personal anecdotes.
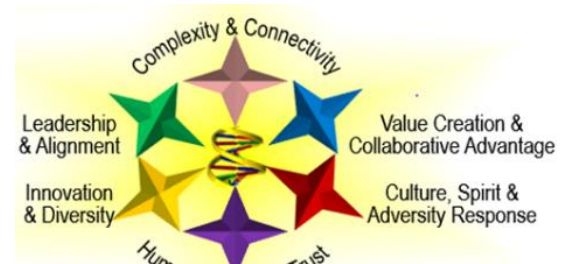
*In complex organizational systems where
integration of functions is essential,
where speed is critical, and where change is rapid and/or uncertain,
a collaborative system producing real synergies is paramount.*

Productivity losses in non-synergistic systems (e.g. *Transactional* & *Adversarial*) are far too high, and tend to be crushed by rivals who bring a more collaborative strategy into a market. This is what happened when Toyota and Honda (both highly collaborative) challenge GM and Ford (both overly transactional and adversarial). This is easily measured in terms of Non-Value Added work, escalating costs, and customer dissatisfaction.

> For example, in one major North American healthcare system, our team measured the amount of non-value added work. The system was fragmented, showed little collaboration across functions, had proven to be highly resistant to change, and costs were rising extravagantly.

> The system's culture would rate somewhere between *transactional* and *adversarial*.

> It's not coincidental that the amount of Non-Value Added work (as measured by the amount of actual work that contributed directly or indirectly to the Patient's Health) was an extraordinary 94%!

> Conversely, the Mayo Clinic is highly collaborative, produces the highest cure rates, lowest cost-of-delivery rates, shortest times for recovery, and highest customer satisfaction.

If you want to do a quick mental test the assertion whether *collaborative* systems are far more efficient and productive than their *adversarial* and *transactional* counterparts, just assess what happens to Utility Companies during a major emergency.

> Everyone works together, cumbersome hierarchies emulsify, assistance teams cross state borders, decisions are made on site, equipment shows up without bureaucratic requisitions, safety considerations prevail over union rules, everyone works together talking across functional divisions, lawyers get out of the way, government regulators stop being a pain in the butt, and decisions are made in a tenth of the time. Employees comment that they often get more done in a week during an emergency than in a year in normal conditions.

Below are areas where Collaborative Excellence will demonstrate significant impacts:

- **Recruitment of Best People**
- **Flexibility/Adaptability**
- **Cross Functionality Integration**
- **Increased Communications**
- **Increased Trust & Teamwork**
- **Increased Employee Retention**

- Increased Problem Solving
- Increased Innovation
- Increased Speed & Flow
- Increased Value Creation
- Increased Operational Performance
- Increased Productivity
- Continuous Cost Reductions
- Lower Supplier Transaction Costs
- Lower Employee Turnover
- Higher Millennial Generation Retention
- Stronger Commitment to Best Practices
- Better Quality Upgrading
- Continuous Improvements
- Future Strategic Positioning
- Productivity & Training

- More Investment in R&D
- Risk-Reward & Value Sharing
- User Friendliness
- Better Information Sharing
- Stronger Customer Retention
- Better Customer Service
- Increased Alliance Success Rates
- More Rapid Market Penetration
- Quicker response to Competitive Threats
- Better, More Integrated Solutions
- Decreased Risks & Breakdowns
- Mining Value from Eco-System Partners
- Positive Outcomes from the Law of Unintended Consequences (Law of Serendipity)

All translating into two sustainable, regenerative, long-term line impacts: **Competitive Advantage and Bottom Line Profitability**

Collaborative Excellence is not another new "Management Flavor" of the month, it's been a top-of-mind quest for decades.

Applications of Collaborative Excellence Architecture

However the quest has been extremely difficult to sustain when senior executives move on.

The Six Frameworks in the Collaborative Excellence Architecture shift the quest to a new level that takes collaboration from a state of "intuitive reckoning" to a systems design that is replicable, adaptable, sustainable, and leverageable across a very wide variety of situations wherever complexity and connectivity is required for long-term success.

Appendic 3 -- Understanding Organizational Transformation

When it comes to changing things, most leaders know very little – they are much better at managing the present than traveling into the future. This stems from the fact that seldom are leaders taught about the complexities and intricacies of changing people and things, which then results in poor performance, misunderstandings, false expectations, poor leadership, and often, loss of jobs, credibility, or influence.

Dynamic Realignment

The world around every organization is a complex kaleidoscope of change, some rapid and some slower. Visionary leaders are, by their nature, shifting the status quo, building bold new futures.

Astute leaders must be mentally prepared for the dynamics of change and the implications on their organization. Change is inevitable, but can be thorny because it means continuous realignment of the organization.

For example, for over a decade our team worked with assistant deputy ministers (senior civil servants) of large provincial (state) government in Canada. Changes in industry, economics, technology, politics, laws, and citizen expectations were often overwhelming. The typical response by senior ministers (political appointees) was to call for a reorganization to put their personal stamp of influence and direction on the government. Nearly a dozen reorganizations were ordered over twelve years.

If you want to understand an organization, just try to change it. – Kurt Lewin

The belief was that a re-organization would cure the inefficiencies. Hardly the case; without changing the Three Dimensions of Alignment – Culture, Strategic & Operational -- from one that had been highly bureaucratic (transactional) to one that was interconnected (collaborative), none of the Dynamic Realignment functions would perform adequately.

Case in point: The health care system, which was highly transactional and quasi-adversarial, harbored enormous amounts of "non-value-added" work. When we measured the amount of work in the system that actually contributed to the health of a patient, we found less than 10% was actually value-added.[13]

A government is a highly complex organizational system. As more and more demands are placed on it, the problems of a bureaucratic transactional approach to business become more and more blatant. Instituting internet based solutions helps with run-of-the-mill transactions, such as permit renewals,

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[13] We used the Toyota methodology for measuring value-added work, which has been adapted to health care analysis. Lest any Americans gloat, the U.S. health care system, in terms of value-added work analysis, often proves to be worse – plagued with bureaucracy, litigation, and fragmented, non-collaborative interaction between organizations, both internally and within the system's value chain. Distrust and dysfunction in the U.S. health care system causes a 17% average annual turnover rate among the nursing profession – a key leading indicator of dissatisfaction with the nurse's expectation of collaborative excellence.

but cannot cope with things that need customized or individualized solutions. For example, just answering a letter by a citizen to a senior appointed minister required over 300 hours of work (yes you read that right) after checkoffs, layers of bureaucratic approvals – all a result of distrust resulting in poor delegation and lack-luster standards of excellence in how to respond to key stakeholders.

In trying to transform this government system, unfortunately, there were so many competing approaches for share of mind, and we played just a small part, the result was a "muddled mush" where advances were ultimately cancelled by regressions. After experiencing such muddy outcomes over the years in many situations, it became clear we needed a better vehicle – this book – to get our point across to senior leaders with precision.

And for the government's healthcare system, it proved to be totally impervious to change – a decade of new leadership only produced more angst among the doctors and employees along with continuing

cost escalation. They had a quality product and service, but a muddled system that has become outrageously costly because of its fragmentation and bureaucracy – symptoms of lack of collaborative excellence. This points out how the six frameworks of collaborative excellence must all be fully engaged to make holistic transformation a reality.
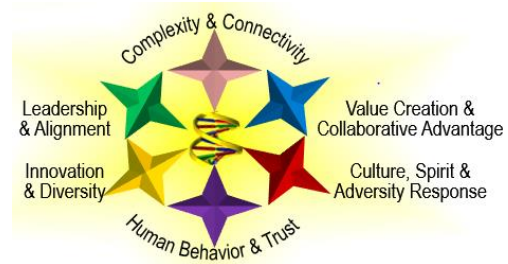
[Contrast the Canadian example with the Toyota-NUMMI, Continental Airlines, or IBM examples which took a truly holistic pathway forward]

Forces of Change

There are typically three forces that drive change in organizations

1. **Crisis**: Force of a Crisis, Major Dissatisfaction or Breakdown
2. **Vision**: Elevating Force of a New Idea or Vision
3. **Adaptive**: Market, Social, Technical, Government, Political or Financial Forces

These are fundamental. Every leader should learn them and know how to use them. Use the wrong approach and wrestle with the ugly wounds of failure; master them and the future will beckon for you. (these are not presented in priority order)

Three Basic Forces for Change

1. The Force of a Crisis, Major Dissatisfaction or Breakdown

After surveying thousands of leaders in our workshops over the years, we quickly learned that most leaders manage change by riding the coattails of a crisis, or actually creating the crisis.

People respond to a real crisis (not a fake one) with speed and unity if a leader corrals these forces of human nature. Think about some crises you've faced: war, hurricanes, floods, tornadoes, earthquakes, fires, epidemics. Maybe the crisis is a product breakdown, an adverse law-suit, or a new competitor.

Adroit leaders know how to mobilize people and ride this big wave; diminutive leaders quake or simply fail to capitalize on the opportunity. Often belief systems are challenged.

2. Elevating Force of a New Idea or Vision

Nothing is so powerful as an idea whose time has come – it's an old saying, and, in many respects it is true – if you come with a the right package at the right time. Timing and message is crucial. Also, people must trust the value of the idea and the leaders who advocate it.

The American Revolution is a perfect of example of the right package of leaders (founding fathers) combined with the right thinking (Age of the Enlightenment) with good strategic plans (U.S. Constitution). The U.S. Civil War is an example of the wrong thinking (slavery) at the wrong time.

We've asked thousands of business leaders "What proportion of change comes from Crisis versus Vision?" Unequivocally they say about 85% from Crisis, and 15% from Vision.

This is significant because it shows how difficult it is to transform an organization without a sense of urgency to mobilize people to action. This is the primary reason why failing leaders "invent" a crisis to make something happen.

Visionary leaders have to stay right on top of things, with critical milestones, powerful interim results, and clear roles, responsibilities, and relationships that create a rhythmic drumbeat for the march of progress.

Visionary change is easier for startups and new organizations because the founder is typically the visionary with passion and personal commitment. More mature organizations are often set in their ways. It takes the multidimensional dynamics outlined in this book to create energy of innovation and generate pressure with multiple frameworks and methods to excite the organization to new levels.

3. Adaptive Change to Emerging Forces

Market, Social, Technical, Financial. Governmental, or Political Forces

These are typically slower forces that give advance indications of their potential. While they can be massive in their impact, such as the shift from analog to digital technology, there is plenty of advance notice. The choice to be proactive, adaptive, or reactive is relatively clear. While these

changes many not be linear, Market Forces (Customers & Trends), Social Forces (i.e. Millennials entering the work force), Technical Forces (i.e. Putting Computers in Automobiles) and Financial Forces (i.e. Socially Responsible Investment) can generate momentum or be replaced by something new. (Often these link with #2: Thought Leadership.)

Government Regulations, Tax Policies, and Incentive Programs can also spearhead major changes in thinking and investment. Political shifts to the right, left, or center can create laws that set new standards, ethics, punishments, and ideals of social justice.

Appendix 4 -- Designing Your Organization

All these forces have an impact on an organization's functioning – its "systems design architecture." When changing one part of the system, other parts have to change along with it to support the change, otherwise the organization will go cross-ways against itself or the change will revert back or morph into something else that was never intended.

Systems change is not simple, but neither is it impossible, nor is it incomprehensible. Think of an organization like you think about a human being – with a series of interconnected organs that enable the body to function.

For this reason, we need a "system framework" or "architecture" that addresses the totality of an organization's functioning, and is universally applicable no matter what the organization.

Making the Right Choice – Transactional or Collaborative System?

While this book focuses on the value of Collaborative Excellence in complex organizations, we should not overlook the value of a transactional approach – in the right organizational situation.

The following Charts will describe the situations and conditions for making choices about whether to use a *Collaborative* or *Transactional* Culture (or mixed culture) in your organization:

---

2. When Transactional Systems are Required

Not every organization needs a highly collaborative system. There are many situations where a transactional system makes more sense, particularly when:

1. Stability or Predictable (linear) Change
2. Large Majority of Processes are Replicable time after time
3. Human Intercession required only to handle unique situations or deviation from the norm
4. Innovation can be delegated to a select group of experts
5. Standard Operating Procedures can be utilized, and variances can be managed by rules
6. Conformity to Standards, Codes, Procedures or Checklists are essential across the board
7. Supply and Customer Relations can be managed by contracts and largely without significant human interaction
8. Diagnostics can be done transactionally and often remotely
9. Operational Units can typically operate relatively autonomously, requiring only synchronicity

---

1. When Collaborative Systems are Required

The first issue to confront is the nature of the organization's environment itself. If the organization is challenged by the following conditions, then a Collaborative System is essential:

1. Rapid (non-linear) Change
2. Intricate Human Interactions
3. Innovation Required to stay competitive /up to date
4. Chaos or Conflict when things don't work right
5. Many different functions and/or organizations must work together
6. Numerous "moving parts" (complexity and chances for errors)
7. Unforgiving deadlines (no room for delays)
8. High stakes requires the right decisions the first time
9. Synergy is required within the Value Chain and between operational units
10. Significant consequences or penalties if

The two charts below further refine how to look at the issues of complexity and certainty in deciding how to lead, manage, and structure an organization. The tendency is want everything to be neat, orderly, and run by clear rules and rational interactions. In these charts, the left hand column outlines that simplistic ideal. However, in reality most modern organizations are a disparate variety. Leading, managing and structuring must be an amalgam of different types with people properly matched to each.

Determining if you need a *Transactional* or *Collaborative* Culture
Ambiguity-Certainty Continuum

Best Practice

The Higher the Ambiguity, the Greater the Collaboration & Trust Needed

CERTAINTY ← → **AMBIGUITY**

CONDITIONS

IF

Stability and Predictability	Dynamic change
Routines Required	Innovation Required
Anticipated Problems	Unanticipated Problems
Developments Within Organiz. Control	Developments Outside Organiz. Control
Info Clear & Adequate	Info Unclear or Inadequate

THEN

Leadership & Management Functions

Mixed *Transactional* & *Collaborative* Culture	*Collaborative* Culture Essential
Hierarchical Task Mgmt Style	Aligned Collaborative Ldrshp & Mgmt Styles
Mature Decision Making @ Higher Levels	Mature Decision Making @ All Levels
Tight Structures, Control, Contracts	Looser Structures, Coordination, Vision Driven
Predominant Vertical Info Flow	Predominant Lateral Info Flow
Impose Laws, Rules, Clear Roles, & SOPs	Operating Principles, Manage Interfaces
Analytical Thinking inside Silos becomes norm	Creative & Integrative Thinking
Predictability Essential	Trust & Speed Essential
No/Little Tolerance for Deviance	Shared Decision-Making

If it isn't broken, don't fix it   *Redesign it Before it's Obsolete*

THE WARREN COMPANY   *The Power of Collaborative Excellence*   Copyright 2014   1

Figure 5: Ambiguity - Certainty Continuum

We found this situation in designing the structure for the Supply Chain Management system for Procter and Gamble. The objective was to keep total cost of ownership low, while stimulating innovation from suppliers in the value chain. The ultimate aim was strategic – to turn the supply chain into an "engine of innovation."

Steve Rogers,[14] the senior executive in charge of the transformation, recognized at the outset that the process of managing the supplier relationships really fell into two distinct categories (see Figure 5):

---

[14] Steve is unquestionably the most astute supply chain leader and strategist I've ever met. His book, *The Supply Chain Advantage,* AMACOM, 2008 outlines his wisdom.

1. Transactional Vendors who provided Commodities. This is where standard bargaining made the most sense, and needed to be managed by a cadre of procurement specialists who got the lowest cost, within quality and delivery parameters.

2. Strategic Suppliers who provided products and services where innovation was a real competitive advantage. This required managers who understood how to create trusted relationships.
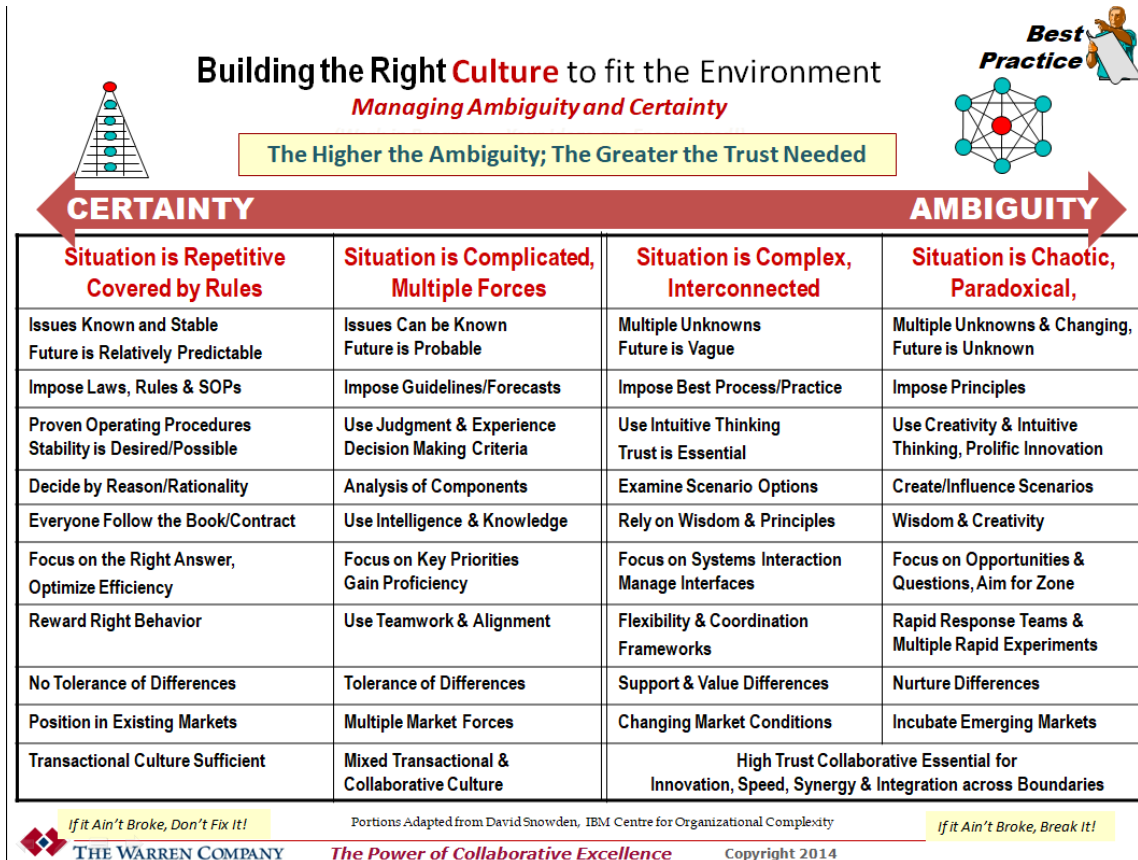
Building the Right Culture to fit the Environment
Managing Ambiguity and Certainty

The Higher the Ambiguity; The Greater the Trust Needed

CERTAINTY ← → AMBIGUITY

Situation is Repetitive Covered by Rules	Situation is Complicated, Multiple Forces	Situation is Complex, Interconnected	Situation is Chaotic, Paradoxical,
Issues Known and Stable Future is Relatively Predictable	Issues Can be Known Future is Probable	Multiple Unknowns Future is Vague	Multiple Unknowns & Changing, Future is Unknown
Impose Laws, Rules & SOPs	Impose Guidelines/Forecasts	Impose Best Process/Practice	Impose Principles
Proven Operating Procedures Stability is Desired/Possible	Use Judgment & Experience Decision Making Criteria	Use Intuitive Thinking Trust is Essential	Use Creativity & Intuitive Thinking, Prolific Innovation
Decide by Reason/Rationality	Analysis of Components	Examine Scenario Options	Create/Influence Scenarios
Everyone Follow the Book/Contract	Use Intelligence & Knowledge	Rely on Wisdom & Principles	Wisdom & Creativity
Focus on the Right Answer, Optimize Efficiency	Focus on Key Priorities Gain Proficiency	Focus on Systems Interaction Manage Interfaces	Focus on Opportunities & Questions, Aim for Zone
Reward Right Behavior	Use Teamwork & Alignment	Flexibility & Coordination Frameworks	Rapid Response Teams & Multiple Rapid Experiments
No Tolerance of Differences	Tolerance of Differences	Support & Value Differences	Nurture Differences
Position in Existing Markets	Multiple Market Forces	Changing Market Conditions	Incubate Emerging Markets
Transactional Culture Sufficient	Mixed Transactional & Collaborative Culture	High Trust Collaborative Essential for Innovation, Speed, Synergy & Integration across Boundaries	

If it Ain't Broke, Don't Fix It!

Portions Adapted from David Snowden, IBM Centre for Organizational Complexity

If it Ain't Broke, Break It!

THE WARREN COMPANY   *The Power of Collaborative Excellence*   Copyright 2014

Figure 6: Rules of Engagement on the Certainty - Ambiuity Continuum

To understand Figure 6, think of an Electric Company delivering power to its customer base.

During normal operations, the organization functions largely in the left column: rules and procedures are clear; roles and responsibilities are carefully defined; decision structures are hierarchical, people know what's within their boundaries and what's out. Government approvals are required, procurement is bid out along strict lines of procedure.

However, the when a major disruption occurs, such as a hurricane, flood, tornado, or ice storm, the whole system shifts to the right column: "get the power back on!" is the only mission; get the job done without having any customer or employee being hurt; time is of the essence; teams swarm together to assist each other; trucks with a brotherhood of workers come from outside the borders from other utilities to respond to the emergency; linemen (not executives) make rapid decisions in the field of action, informing their superiors along the way. The corporate culture shifts from transactional to

collaborative the moment the emergency is declared. Utility executive I've worked with claim they get more done in a week in an emergency than in a year or two under normal conditions.
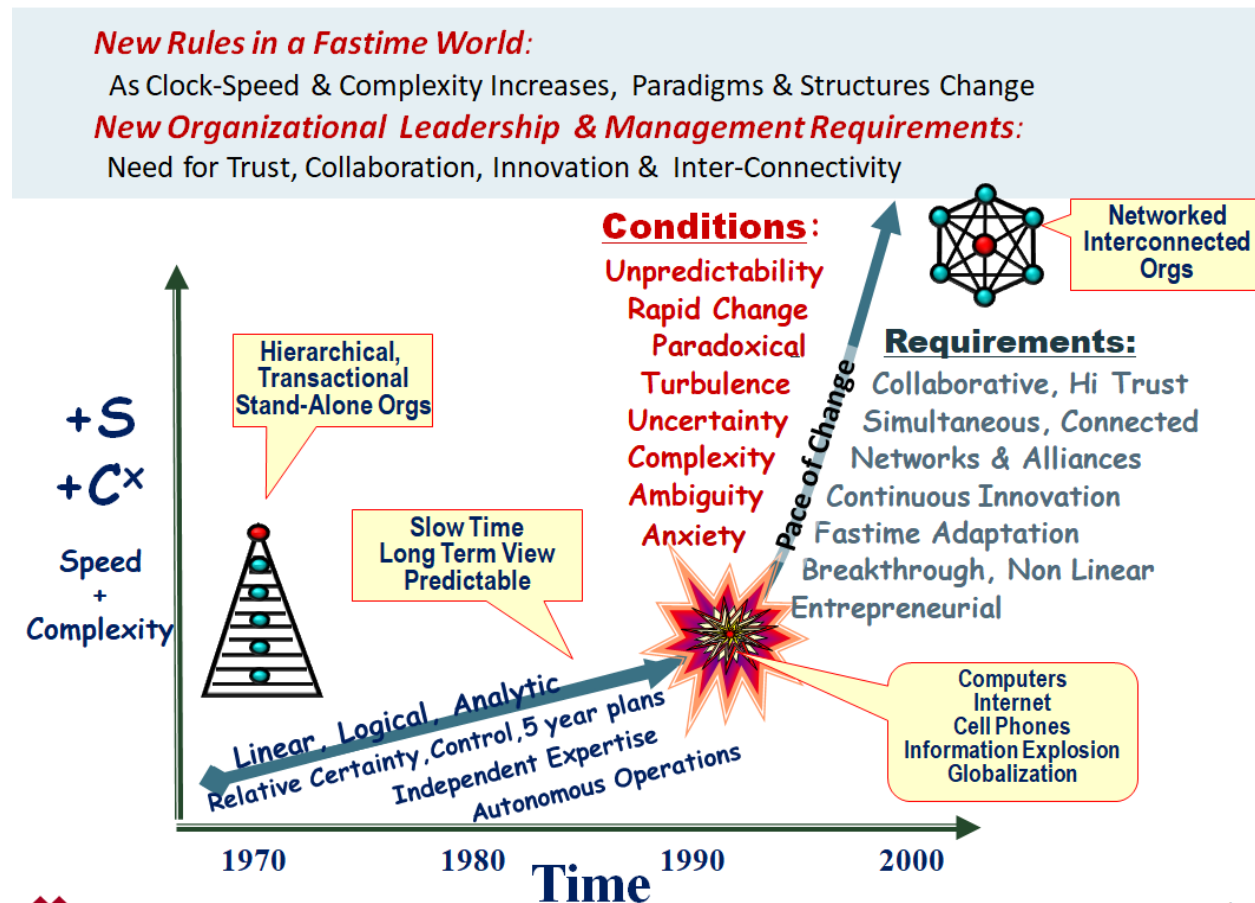
Appendix 5 -- Overcoming Resistance to Change

The Rapid Pace of Change

While change is never easy for humans, in the last few decades it has been even more difficult. In no time in course of history – with the exception of wartime – has change happened so rapidly, as the chart below depicts (based on input from over 10,000 workshop participants).

New Rules in a Fastime World:
As Clock-Speed & Complexity Increases, Paradigms & Structures Change
New Organizational Leadership & Management Requirements:
Need for Trust, Collaboration, Innovation & Inter-Connectivity

Conditions:
Unpredictability
Rapid Change
Paradoxical
Turbulence
Uncertainty
Complexity
Ambiguity
Anxiety

Requirements:
Collaborative, Hi Trust
Simultaneous, Connected
Networks & Alliances
Continuous Innovation
Fastime Adaptation
Breakthrough, Non Linear
Entrepreneurial

Networked Interconnected Orgs

Hierarchical, Transactional Stand-Alone Orgs

Slow Time Long Term View Predictable

Computers Internet Cell Phones Information Explosion Globalization

+S +C^x Speed + Complexity

Pace of Change

Linear, Logical, Analytic
Relative Certainty, Control, 5 year plans
Independent Expertise
Autonomous Operations

1970   1980   1990   2000

Time

Change is not a splendid experience

Many leaders flunk out when workers hear the dreaded the "I'm going to change things!" pledge. Along with this pace of dynamic change comes a train-load of psychic stresses, causing most people to resist change. Here a few good reasons why:

– Most people's experience with change has been negative. We've done informal surveys of thousands of managers and leaders; about 3 in 4 have said their experience has not been good. Most leaders who try to "change" things botch the job. Acquisitions are a good example; most good people jump ship within a year of an acquisition, leaving a hollow core of mediocre people behind.

– It's somewhat traumatic to hear the dreaded "I'm going to change this place (and you too)!" declaration. Change requires a lot of unknown/unpredictable risks, and often a loss of security. When people say they'd prefer the "devil they know to the devil they don't know," it says a lot. Most change carries with it the burden of fear, uncertainty and doubt, raising people's anxiety

levels. Leaders who don't understand that emotions will kill the human spirit are aimed at the abyss of failure. When things aren't going well and change is a necessity, it takes a very adept leader – one who has a clear vision and can build trust to make good things happen.

– The idea of "change management" is, in and of itself, a massive deception, and people know it. First, the word "change" does not necessarily connote a positive value nor direction, thus it implies "different" but not necessarily better. Second, the whole idea that change can be managed is bizarre. Management is the efficient use of resources, while change requires a reframing of the way people think; thus change requires both systems thinking and leadership before trying to engage management concepts. No wonder most managers lack confidence in their leadership to navigate through the chaos.

Leaders fail to understand that collaborative cultures are more amenable to adaptation

While resistance to change has been always been difficult, it's actually more difficult today because of the complexity of change married to the loss of trust in institutions and leadership. This is why today's leaders need a far deeper of understanding of the change process and what causes resistance to change.

The Difficulty of Change

Those who promote change, the entire idea of "change" carries a heavy load, for the word itself has many negative connotations:

1. **Negative Experiences**: Most people's experience with change has been largely negative (at least that's how they remember it). It came too fast, created losses, was pushed upon them, was chaotic, felt like victimization, and so forth.

   For example, I've interviewed scores of retired executives who lament that their highly engaging and superbly profitable programs were "changed" when a reversionist scrapped their collaborative program initiatives for a traditional transactional change, and lost millions of dollars. Tom Stallkamp, CEO of the great

3. The Emotional Volcano

Change is stressful Many people will carry resentment from watching years of effort being wiped out. These emotions can include:

- Anger
- Stress
- Depression
- Frustration
- Victimization
- Helplessness
- Unfulfilled Expectations
- Grieving & Loss
- Loss of Control
- Disappointment
- Danger-Fear
- Insecurity
- Hurt
- Guilt
- Anxiety

When these emerge - and they will - the collaborative leader will acknowledge the reality, while messaging the need to change, the consequences of remaining stuck in the status quo, how the rewards will outweigh the risk, the training to be sure no one is left behind, how it will be accomplished through a well-executed plan via elegant teamwork (another way of saying "peer support").

1990s turnaround at Chrysler, lamented that after Daimler-Benz acquired the Detroit automaker in 1998, they disassembled all the collaborative supplier programs, and proceeded to throw away potentially $24 billion in profits, eventually resulting in bankruptcy ten years after the acquisition.

This memory will overshadow all the buzz words, sales malarkey, and hype that change peddlers use to convince us that change is for our benefit. The older one gets, the bad memories accumulate, thus many of the old guard have gone from skeptical to cynical.

2. **Negative Emotions**: The negative experiences carry emotional baggage, particularly if the level of trust in the culture is "below the belt." Cutthroat, dog-eat-dog climates will cause people to see sinister, malicious motives behind every intent.

Most purveyors of change fail to recognize that just the idea of "change" creates multiple stress effects and distrust impacts that can ultimately disintegrate any efforts like a pandemic. (see Figure 6)
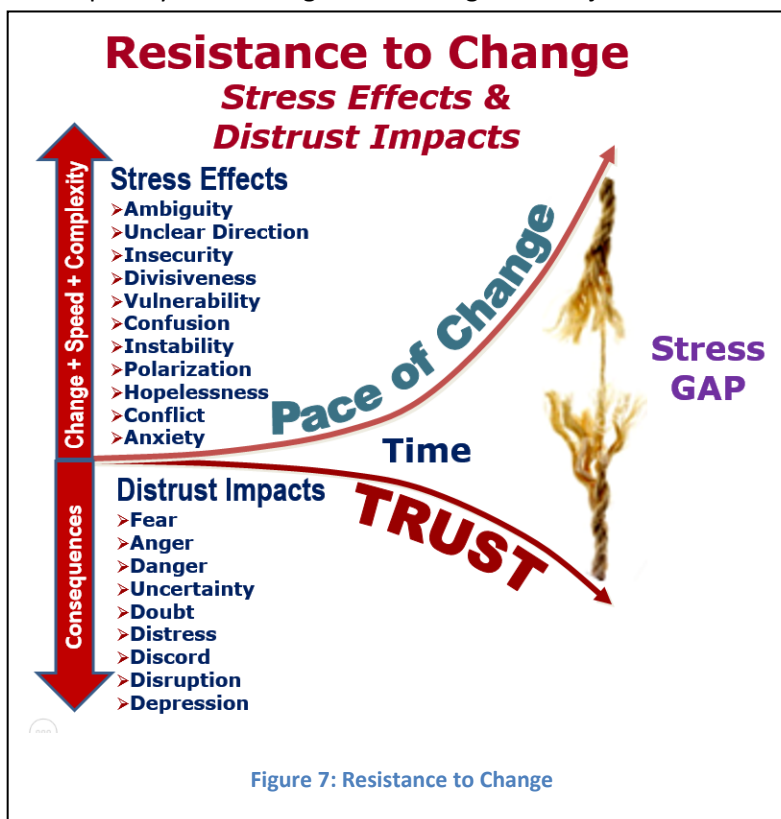
Figure 7: Resistance to Change

In simple terms, most change initiative are plagued with layers of distrust, which bushwhack the change initiative fast.

For example, people responsible for change initiatives often refer to themselves as "change agents." Really? It sounds like they are secret agents from some clandestine alien agency ready to hoodwink people.

Understanding Human Factors

Grappling with the angst that comes with change (see Figure 6) need not be a daunting challenge. However, no matter how rational or ethical the change may be, there will be a truck-load of emotions attached, and they must be addressed, else they become forces of undermining and sabotage.

To comprehend the human issues more adroitly, let's use Paul Lawrence's the 4 Drive Model of Human
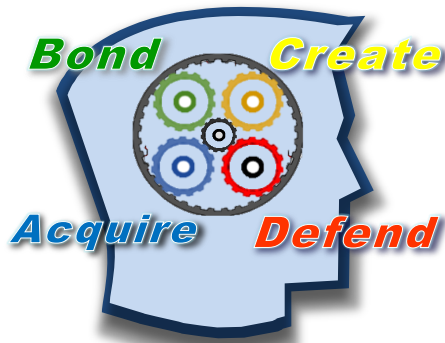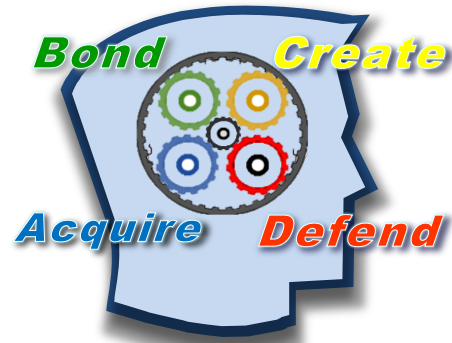

Behavior (

Figure 7):

Figure 8: Four Drives of Human Behavior

*Drive to Acquire***:** People who are doing the change are usually the beneficiaries of the result. This is typical in corporate acquisitions – the acquiring company wants to make more money, thus will be laying off employees. In other words, those affected by the change acquire nothing but pink slips.

For years I worked with business, both small and global, to build strategic alliances. We were highly successful because the alliance framework enabled stakeholders to engage in win-win ventures. Our success rate was 80%, because each of the stakeholders was able to acquire what they wanted.

Contrast that with the Mergers and Acquisitions which have only a 25-30% success rate by the acquiring company. The primary reasons are that the good people leave when the new owners try to convert their new company and get bitten by resistance to change. Revisit the new acquisition two years later; most of the good people are gone in those acquisitions that fail.

Any change program should embrace "what's in it for me" – while diminishing the risks and losses. This included the risks of not having the competencies necessary to make the new standard. Training programs are helpful.

> Paul Lawrence recommended: *In honor of another's drive to **Acquire**:*
>
> - Enhance People's Capacity to Acquire Necessary Resources to Succeed.
> - Give People the Autonomy and Authority to Solve Problems
> - Reward People for their Contribution and Commitment to Overall Goals

Drive to Bond: Change, whether positive or negative, is disconcerting to most, and frightening to many. If people feel alone, isolated, excommunicated, manipulated, victimized, or unengaged, their *resistance to change* will escalate. This is why unions form – to bond together to resist what are perceived as unfair labor practices.

If the change initiative doesn't strongly communicate interactively with those who will be affected, the resistance will jump. People want to feel like they are a part of things; that their opinions and insights

count, that others like them are all part of the groundswell that will make the new initiative works. Leave them out and they will bond together to resist, or worse, sabotage the efforts. Collaborative excellence will engage the workforce in identifying problems, diagnosing the causes, and working as a team to solve the problems.

The drive to Bond is so strong, it is the basis of why labor unions first emerged – to unite against horrid working conditions and low pay. Sports teams are constantly in the state of flux, not only during the

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Paul Lawrence recommended: In honor of another's drive to **Bond**:

- Meet Expectations and Keep Promises, Commitments, and Ethics.
- Seek Fair exchanges rather than cheating or deceiving.
- Aim at a culture supportive of Trust, Teamwork, and Collaboration
- Don't forsake the "Greater Good" in favor of one's "Self-Interest."

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dynamics of the game, but from season to season as players move on to retirement or other teams. The teams with the highest trust and collaboration navigate this chaos most adroitly. Case in point: the New England Patriots football team typically suffers a 35% player turnover annually, along with the poaching of much of its coaching staff. Yet they have the highest winning record of any team in the league over the last twenty years. Most authorities attribute this to Patriot's collaborative culture.

Drive to Create: Too much resistance to change emanates from not letting people use their natural creativity to make a positive contribution to the new vision or result. People are naturally creative, especially in a collaborative environment.

For many years I worked to help revitalize old broken down neighborhoods in New England. One of the first things we always did was to ask people what they thought of their community – what they liked, disliked, thought should be preserved, and what needed to be done to improve things. When people got a chance to engage in these discussions, we could then ask them if they would be willing to contribute their ideas and insights about how the company could improve. While some were reluctant at first for fear of being reprimanded, ultimately over 90% of people engaged in mutual problem solving to make improvements. Getting people engaged was accelerated when senior leaders seriously encouraged engagement.

People Support What They Help Create

In transactional and hierarchical cultures based on command and control methods, senior executives will have to the extra mile to jump-start engagement within the rank and file. Once I worked with a Commanding Officer of a military unit that was suffering from poor performance and morale within the enlisted ranks. One of the problems was that the CO's officers weren't taking care of their men. I went

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Paul Lawrence recommended: In honor of another's drive to **Create**:

- Honor Diversity of Opinions and Points of View that stimulate new ideas
- Ask Questions that challenge underlying assumptions and superficial truths
- Share Useful Information and insights rather than withholding it.
- Respect Other's Beliefs, even in disagreement, rather than ridiculing them.

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down to the mess deck to talk informally with the enlisted corps. They were reluctant to speech for fear of retribution. I emphasized that my report to the CO would be confidential. So the men began to open up – just a little bit – they complained about bad tasting food and cold toast for breakfast. I reported this to the CO, who broke out in a rage, castigating his men for being so petty. After a moment to calm down, I explained that it was all a test. If the CO couldn't solve a little problem like cold toast, then everything else was for naught. Eventually the CO grasped the opportunity, fixed the food problem, and that opened the door for real engagement, teamwork, leading to higher morale and much better operational performance.

Drive to Defend:

Dissatisfaction

When discussing change with people in organizations around the world, we found a very similar pattern. When people were extremely dissatisfied with their current condition, change was readily embraced. But if they were only moderately dissatisfied, the "devil they knew was better than the devil they didn't know."

It's Dissatisfaction, not Necessity, that's the Mother of Invention.
If it were

If dissatisfaction is not high, there is insufficient tension between the current condition and the foreseen "changed" state of affairs, there is not enough energy to move. Thus their contentment will cause them to defend the status quo.

Hurdle Levels

This one's readiness to change was related to their benefit/cost perception. If the cost, pain, insecurity, or risk is too high for the benefit they'd receive, then no deal.

For example, people buy speculative stocks like Bitcoin or Marijuana if they think they have a "sure thing" and will make big bucks. Peddlers of stocks know this and hype the speculation, until reality sets in the stock crashes. Another example is dieting. If I can lose 40 lbs in 4 months, that's worth the pain to cut weight. But if I was assured I would only lose 4 lbs in 4 months, my hurdle rate would not be enough.

Generally, we've found that a 15-20% improvement or benefit over the current condition is needed before people will seriously embrace a major change.

Safety, Security & Trust

People Desecrate What They Distrust

When people know they will be physically and emotionally safe along with being economically secure when adapting to change, they are far more willing to accept change that comes from trusted leaders who will be guardians of their future. Leaders

who run organizations on the basis of fear and manipulation will have the most difficult   times moving people into the future.

Overall, *collaborative* leaders[15] have a far higher chance of creating new innovations because they are trusted and value their people. Conversely, *adversarial* leaders pronounce a "my way or the highway" attitude, while *transactional* leaders think of their workforce as "replaceable parts."

Emotions Matter

On one extreme, many business leaders would like think of people as rational computers whose emotions don't matter. This is a mistake, because emotions propel passions, which can be used either positively to achieve remarkable results, or negatively to cut a destructive swath.

On the other extreme, psychologists are constantly probing emotions, asking the questions about "how do you feel," as if humans were just a jumble of repressed emotions. Replacing negative emotions with positive ones in not just a simple exercise in rational discourse. It's like telling a warrior returning from combat duty in a war zone that Post Traumatic Stress Disorder is "all in your head" and expecting the stress to magically emulsify.

Too much emphasis on emotions is just as bad as too little. The best way is to focus energy on satisfying the four "drives" that determine behavior, build a START Culture (Spirit, Trust, Adversity Response, & Teamwork), lead by example with courage, communications, reinforcement, training, and innovation.

There will be roughly about 25% of your organization for whom stability, safety and predictability is of primary importance. These are the people who have a high drive to *Defend* (in the 4-Drive Framework). For these people, trust is not enough – they need low levels of ambiguity and uncertainty. They need to contribute to building the plan, the strategy, the contingency plan, the risk management plan, and the rules of engagement. They are the "orderly guardians" who can't and won't "create on the fly," but instead need to be sure all the pitfalls are accounted for. They may at first look like cynics, but are really healthy skeptics who need concrete answers before they lend their support.

Bottom Line: Ensure all 4 Drives are *engaged* and *aligned* when shifting gears in your organization.

Paul Lawrence recommended: In honor of another's drive to **Defend**:

- Help Protect Others, their loved ones and their property.
- Prevent Bullying, Domination, and Excessive Fear
- Insist on a Reasonable Level of Safety and Security
- Build Trustworthy and Predictable Relationships

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[15] Note the distinction between "Congenial" (nice) versus "Collaborative" (trusted teamwork)

Appendix 6 -- Launching Transformation Initiatives using the Four Alignments

Whether it be a corporate turnaround, a new strategic initiative, acquiring a new company, constructing a value chain that produces enormous competitive advantage, or initiating an alliance, the 4-Alignments framework provides a highly effective structure to use as a "template" for a multitude of applications. We don't call this framework "change management" because it's really about "ReAlignment" first, then "ReOrganization."

Template for Transformation Initiatives

1. STRATEGIC ALIGNMENT

    a. Compelling Rationale (Logic)

- Requirement to Adapt/Change (Dynamic ReAlignment)
- Gap between Today's Reality and Tomorrow's Requirement
- Measure of the Magnitude of the Gap

    b. Urgency (Emotion)

- Sense of Urgency to avert Danger or Unfulfilled Need (i.e. Customer Need) or Threat of Extinction (slow or fast)
- Broad Action/Timing Required to avert Danger

    c. Clear Vision, Value Proposition

- Precise "picture" (vision) of new approach (framed in the 4 Alignments)
- Value Proposition that inspires & specifies what will be delivered by when
- Clarity about how this is the "best," "ethical" and "right thing to do" at this moment in time.

    a. Action Required & Strategic Pathway

- Strategy to Win vs Competition – Extend to entire Value Chain, including Suppliers, Delivery Partners, and Customers (now & future)
- Specific Goals & Targets, Measures of Success
- Innovation Required (technical, process, integration, etc.)

2. CULTURAL/LEADERSHIP ALIGNMENT

    a. **Leadership United**

- Strong Voices aligned/united in their call to action
- Can-Do Attitude with emphasis on Teamwork, Trust, & Innovation
- Passionate Commitment to spark and unite people
- Use of the Influence of Authority & Peer Groups *Willingness to Change* voiced by those "in the know"
- Identify "Champions" (who believe in the Strategy) to Execute Ensure Champions have Executive Sponsors ("godfathers")

- Empowerment of Key People & Influencers

b. Leaders Build a Foundational Culture of Trust & Teamwork/Collaboration

- Ensure Collaborative Leadership Style to provide spirit, handle complexity (only collaborative leadership can generate synergy)
- Continuous Emphasis on Integrity of Actions & Words
- Ensure change is Safe, Secure, Fair, Honorable, and Ethical
- Engage those who will be part of the new strategy in developing its implementation *before* announcement (refine strategy to ensure success) *People Support What They Help Create*

c. Constant Communications

- About the Strategy, Rationale, and Culture needed to Achieve the Strategy -- Focus on Teamwork as the means to achieve the Strategy (beware – only the right type of communications)
- Three Dimensional Communications
  - *Speaking, Listening, Asking Questions*
  - *Rational. Ethical, Emotional*
  - *Short, Memorable, Meaningful*
- Integrity of Actions & Words
- Leaders are Fully Engaged as living symbols of the new vision

3. OPERATIONAL ALIGNMENT

a. Transform Strategic Intent & Value into Action Plans & High Performance Projects

- Strategic Initiatives must be broken down into organization-wide Projects with tangible Deliverables, Milestones, Roles, Responsibilities, and Accountability
- Select Collaborative Project Leaders who understand how to use the 4 Alignments in day-to-day operations
- Ensure Adaptability at local level to account for local variation (Don't Micro-Manage every detail – let innovation perculate on the front lines)
- Turn Breakdowns into Breakthroughs with Learning & Innovation
- Emphasize Collaborative Innovation, Excellence, & Team Performance

b. Devise Pilot Projects to Create Rapid Evidence and Belief

- Focus on Best Collaborative Practices, Preselect Champions & Team Players
- Beware of TransActional Short-Comings of Project Management
- Gain Traction with Quick Wins – Pilot Projects (Give the Healthy Skeptics something to deny the Negative Cynics)
- Develop Key Learnings for use in larger projects
- Show where it (or parts of it) worked or failed & why (conditions for success)

c. Human Resource Support

- Ensure Human Resources have Capability (capacity & competence)

4. DYNAMIC REALIGNMENT

a. **Identify Potential Breakdowns**

- 85% of all Breakdowns are Predictable
- Most Breakdowns occur at points of flux or at interfaces
- Turn Breakdowns into Breakthroughs – Learning & Collaborative Innovation
- Use Collaboration to Adapt to Changes in Environment & Manage Complexity

b. **Institute Fastime Processes**

- Remover Non-Value Added
- Streamline Process Flow, Remove Silos/Barriers
- Ensure Cross-Functional Alignment and Teamwork
- Create Feedback Loop to Strategic Planning

c. **Collaborative Innovation**

- Engage key stakeholders (internal/external – i.e. customers, suppliers, partners)
- Use Collaborative Innovation Best Practices to maximize potential
- Use Diversity & Trust to generate ideas that morph into better solutions
- Test ideas in pilot projects to generate learning (no such thing as failure)

d. **Address Resistance to Change**

- Engage Stakeholders & Power Bases
- Training Programs – New Skills & Capabilities
- Lower the Threshold of Risk & Fear, Build Trust/Teamwork
- Define New Standards of Behavior
- Simplify the Transition -- complexity kills transformation
- Release Non-Performers, Cynics, Resisters, Clean up cultural snags
- Transform Conflict into Innovation (using Dynamic Differential Energy)
- Communicate Frequently with open Feedback Loops

e. **ReAlign Structures, Measures & Rewards**

- Ensure Organizational Structures support the new vision & value delivery
- Ensure new metrics & rewards match the new vision and behavior|
   (old measures must change otherwise old behaviors & thinking will prevail)
- Ensure required results are multi-dimensional (financial, attitudinal, behavioral, creative, etc.) (Use Balanced Scorecard – Strategic Return on Investment for Strategic Initiatives)
- Reward & Recognize individuals & teams that produce right results the right way

f. **Initiate Field-Scanning Process (see around corners & over the horizon)**

- Early Warning System to Detect Changes/Shifts in External Environment
- Determine if ReAlignment is further Required (reactive, pro-active, pre-active)
- Form Alliances to Gain Early Insight/Access/Advantage to shifts

g. **Diagnostics to Measure Health of the System**

- Measure the Health of the 4 Alignments
- Determine Leading Indicators of Success or Impending Problems
- Be Proactive, not Reactive when symptoms of problems occur
- Feedback to the Participants for validation followed by corrective action

Appendix 7 – The Nature of Architecture

Levels:

There are essentially four "levels" to examine any system, from the high level to the down-to-earth:

> *Architecture is a series of design frameworks, principles, methodologies, and interconnectivities uniting a system's components into a functional, synergistic whole.*

1. <u>Architecture</u>: A Systems Design that provides a conceptual pattern or framework, alignments of subsystems, balance of forces & needs, integration of functions, and capacity for reconfiguration as needs change.
2. <u>Model</u>: a part of a System that gives working insights into how something might function.
3. <u>Process</u>: A series or string of practices that will produce an intended result.
   It might be devoid of context – Why Lean Management normally fails
4. <u>Practice</u>: An action that as a high likelihood of producing a positive result, especially when used within the right/complementary architectures, models, and processes.

What is Systems Design Architecture?

- Holistic/Comprehensive addressing complex interconnects.

  - Requires Alignment, Balance, and Integration of the components
    Requires people and methods to Align, Balance, and Integrate

- Architecture means a design framework and methodology that *Connects Disparate Functions into a Synergistic Whole.* The energies and internal forces of the component parts must function better in a system than independently.

  - Synergy is difficult to manifest in adversarial and transactional systems, but more likely to flourish in collaborative systems -- that's why culture is so important.

  - The energies and internal forces of the component parts must function better in a system than independently.

  - Good design architecture is replicable, diagnosable, measurable, remediable, and alignable, replicable, adaptable, scaleable, duplicatable, leverageable, and integrated

- Good Architecture embraces:
  - Functional Performance
  - Inter-functional Integrations, including human interfaces
  - Governance (control) & Structure
  - Stress & Load Factors
  - Risk Management
  - Design & Beauty
  - Specifications & Requirements

Great architecture should be:

- simple at the surface, and
  then progressively inwardly intricate.

- logically rational,
- ethically solid,
- emotionally satisfying,
- replicable and scaleable,
- contains key factors and preconditions for success
- diagnoseable when something is awry,
- predictive and prescriptive,
- standards of excellence with clear breakdown & stress criteria
- can be integrated with other similar architectures
- lowers risk and increases returns/rewards,
- definitively distinguishable and different
- actionable with clear processes & practices
- produce better results than lesser alternatives,
- open for improvement , dynamic adaptation, and innovation over time.

Collaborative Architecture enables a team to design, integrate, and maximize synergy, making things fluid and seamless.

- o Enables large numbers of people to shift from *Tactical, Transactional, Hierarchical* thinking to *Collaborative, Trust-based thinking and behaviors*.

Why is a New Order of Proficiency Needed?

- Value Networks are emerging in the Eco-System as the natural evolution of needing solutions to complexity required beyond bilateral (1+1) alliances
- Value Networks embrace a **quantum jump in complexity** with multiple partners and complex integrations to adapt to change, engage in massive leaps in innovation and create sustainable improvements in competitive advantage.
- This, in turn, demands an *exponential increase* in Collaboration to succeed.
    - Requiring Proficiency in Collaborative Systems Excellence
- The nature of Complexity requires far more than the Best Practices that underpinned prior versions of alliances (Generations 1.0-3.0)
- Being successful at Collaborative Systems embraces, but requires more than Alliance Best Practices and major changes in understanding risk. While Alliances can be *managed* with Best Practices, Value Networks must be *led* with *Collaborative Systems Architectures*.

Has this been field tested?

- The EcoSystem Architecture is actually not that new.
    - o Deployed at Chrysler from 1992-98 with massive success – it was called the Collaborative Enterprise.
    - o Supply Systems at Toyota and Honda have used it for years with massive competitive advantage

    o   Mayo Clinic has used it for over 100 years with 25% better results   than Transactional Health Care

    o   It's been tested in High Tech & Pharma internationally.

    o   Used to rebuild the Santa Monica Expressway

Notes & Points of View on Systems Thinking

System Elements

A system is comprised of three main elements:

- The **component parts** of the system

- The **interrelationships** among the parts

- The **integrity** of the entire system when the system is operating

The system is functioning at full effectiveness when all elements/parts are in **alignment, integrated & balanced,** which manifests as **synergy**

    – **Synergy** is more likely to **manifest in collaborative systems**

Basic Ways to Approach a System

- Systematically – the Whole as a function of its components
- Functionally – the Performance Results
- Inputs & Outputs – the Efficiency of the Operations,
- Value Generation – how the system Transforms inputs into outputs
- Components – the Parts & Mechanics
- Interconnects – the Differential Interfaces
- Communications -- the means of directions & Feedback
- Defense – how the system defends against predators, disease, etc.
- Reproduction – the method of Sustainability from generation to generation
- Stress – how the system responds to pressure, pain, torsion, etc.
- Evolution – how the system morphs over time and stress

Basic Dimensions to Analyze a System

- Macro Level (Big Picture)
- Micro Level (Where the problem is evident)
- Root – Cause Level (Where the problem is starting)
- Functional Level (Where functions central)
- Interface Level (where functions meet)
- Component Level (Examining the "parts")
- Systems Redesign Level (where the system needs to be completely reengineered to perform tasks more ably)

Appendix 8 -- Twelve Standards for Collaborative Systems Architecture

During our assessment of Best Processes and Best Practices, we apply stringent standards to ensure the quality of the outcome.

1) **Applicable:** *Is there a clear "flow" of the practices in an orderly or rational sequence? Does the principle or practice have applicability to nearly all situations, regardless of industry or culture?*

2) **Actionable:** *Will the principle truly work in practice, or is it just nice theory? Are the Actions clear, concise, and linked to the practice, principle, or process?*

3) **Understandable:** *Can this principle or process be simply communicated to those involved?*

4) **Verifiable:** *Can we clearly observe the changes when the principle or practice is put into place?*

5) **Measurable:** *Is there a method of measuring this principle's/process' effectiveness in action?*

6) **Controllable:** *Will the principle enable more effective control of direction, intensity, speed, etc of the alliance?*

7) **Diagnosable:** *Is it clear what "not to do?" When there is a problem, can we see the problem clearly, do we have a way to recognize the misapplication of the principle/process?*

8) **Prescribable:** *If an element is missing, can the principle/process be injected into the system to cause a cure?*

9) **Replicable:** *Can we recreate a positive result, time and again?*

10) **Trainable:** *Can operational managers successfully acquire the skills and knowledge required for implementation?*

11) **Valuable:** *Is the principle/process really essential, or merely a superfluous nicety?*

12) **Predictable:** *Can we foresee, in advance, the positive or negative results? Are there 'preconditions' for success needed in advance of a program launch?"*

> **The Human Mind's Pattern Recognition System yearns for "Architecture" – because it is what makes sense of ambiguity, discord, chaos, uncertainty, and seemingly contradictory data.**

Architecture is the design that aligns, integrates, unites, and enables a system's diverse components to function efficiently & synergistically.

Architecture is the synthesis & fusion of Art, Wisdom, and Science, interweaving strategic, human, operational, competitive and technical factors together to create sustainable synergy.

Why Architecture is the Missing Link

The Human Mind works on 5 levels -- how the brain interacts with reality – what I:

- **Believe** -- What I hold as inner values, what I think about other people, what I believe motivates me and the world around me. (What I believe will affect all the next 4 words)

- **Perceive** -- This is how I see my reality, how I interpret what my senses tell me, whether I see my world as a place of conflict or opportunity, my possibility, my weaknesses, and what I VALUE

- **Conceive** -- My conception of my world, my commitment to either my self-interest, (what drives me to acquire or protect myself) or something bigger than myself (My Mission)

- **Achieve** -- My Direction, What I am Going to Do to Achieve my conception of Life or my Mission in life,

- **Receive** -- The Results I get, the Feedback that tells me if I am on Point, The Consequences from the prior 4 words, the Course Adjustments I must make

Architecture frames the mind, providing a Mind Map that makes sense of a person's world

Architecture consists of "MAAPPSS"

- Metrics

- Awareness Triggers

- Actions

- Principles, Processes, & Practices

- Pictures

- Stories

- Symbols

Appendix 9 – Comparing Tri-Archetypical Thinking

Table 1:Spectrum of Three Competing Models of Project Delivery & Their Characteristics

|	**Adversarial**	**Transactional**	**Collaborative**
Key Beliefs	Business is a "Psychological War Game;" Winning comes from Power	Trading, Bargaining, & Differential Views on Value Produces Economic Exchange	Extreme Value is Generated when people work in teams to Push the Envelope on Performance
Behaviors	Argumentative, Money Rules, Use Age, Experience, Position or Budget to get your way, "dog eat dog"	Squeezing & Positioning enables you to get the best result in Negoti-ations, throw a bone to sweeten the deal	Co-Creative, Teamwork, Trustworthiness, Highly Ethical & Honest; Maximize what's in the best interests of the whole.
Rules of the Game	Pressure others; Winning is a result of Cunning & Craftiness; Hype your importance; Protect your backside; Don't Trust Others or you will get screwed; Everything is Win – Lose	Take advantage of every opportunity, Exploit weaknesses; Timing is critical; Perception is everything; Trust but verify; Use lawyers to ensure protection; Every-thing is in the "deal"	Create value & competitive advantage by using Teamwork (internally) & Alliances (externally). Close integration between operating units, suppliers & Close attention to customers/client; Strive for Win-Win. Solve problems fast and fairly.
View about Risk Manage-ment & Creating "Synergy"	Synergy is an impossible dream, (don't even think about it.). Manage Risk with tough contracts & tougher legal team empowered to litigate	Synergy is derived from High Efficiency and elimin-ation of Non-Value Added Work. Risk Management, insurance, & risk shedding will limit losses	Synergy is a result of high levels of trust, teamwork, & alignment of goals/values. Use trust archi-tecture to reduce risk. Emerging risks & opportunities require adaption & innovation
Value Proposition	Minimum Required to Close a Sale; Squeeze vendors in supply chain	Competitive Price, Acceptable Quality; transact through supply chains	Performance Excellence thru Value-Networks, Good Price, Speed, and Innovation. Little chance of Litigation.
Framework for Negotiations	Winning is essential for me; I get more if I push, squeeze, and threaten to ensure I leave nothing on the table. I'm stronger if you're weak	What happens to you is your business. Long term relationships are only the product of me getting what I need/ want. Switch suppliers to get best deal.	A Win/Win is essential to create productive long-term relationships to mutually thrive. Use our different needs & perspectives as the source of collaborative innovation. Fair allocation of Risks/Rewards
Competitive Advantage	Gained from Size & Money	Gained from Proprietary Information & Bargaining	Gained from Value Co-Creation, Sharing, Speed & Innovation
Information Sharing	Horde Information – It is Power	Contractor responsible for interpretation of information	Share Information to create more new ideas. Take action proactively.
Trust Level	Distrust , Deception, Aggression, & Manipulation Prevalent	Caveat Emptor (buyer beware)Trust is elusive and unsustainable	Trust is essential to generating a continuous stream of new value

Muddled Thinking

The Tri-Archetypical Basic Forms of Thinking have a high impact on Interrelationships

- Always Take Advantage
- Manipulation, Distrust
- Win-Lose, Dog Eat Dog
- Survival of Fittest
- Might makes Right
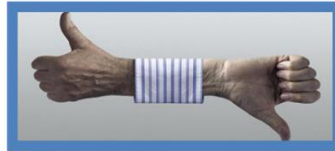
- Everything's a "Deal"
- Hierarchical Power
- Quid Pro Quo , Trade
- Buy Low - Sell High
- Almighty Self Interest

- Teamwork & Trust
- Synergy – Aligned Energy
- Work Ethic, Integrity
- Value/Cherish Differences
- Mutual Benefit

MUDDLED

These three modes of thinking are manifested in Culture, Leadership, Economics, and Operational Functioning.

These three forms are embedded into human DNA – Culture, directed by Leadership, brings out one of the three forms, or a muddled agglomeration of all three (which is the typical manifestation the larger the organization gets.)

What a Muddled Culture Looks Like

No Alignment
No Systems
Structure
No path for future
managers to
achieve great
results

High Turnover
Outsiders
treated like
vendors

Selection of
People for
Competence,
not Character or
Collaboration

Clans, Tribes,
Cliques, Silos

Internal Conflicts
& Fears

Competition for Power   Opportunistic, Random Coalitions

Cobbling Models Together without Systems Design Architecture

A **MODEL** does not have to be *INTEGRATED with anything – it stands alone.*
*The resulting separation creates FRAGMENTATION.*

One great difficulty in implementing Collaborative Systems Excellence is the massive "installed base" of muddled thinking, fragmented models, and fractured component expertise thrown at decision-makers every day by business schools and subject matter experts. Typically they smatter the brain's pattern recognition system with ideas that have not been integrated into a system, or are actually contrary to collaborative excellence. When ambiguity and uncertainty lies ahead, leaders all-too-often turn to their

"palace guard" (i.e. lawyers and accountants) who, in the name of safety and protection, impose strictures and constraints that inadvertently trigger the corporate auto-immune system against itself.

When fractured subject matter experts create their own proprietary models, they actually increase the chasms between concepts and best practices, producing monstrosities of design that look like Figure 8.
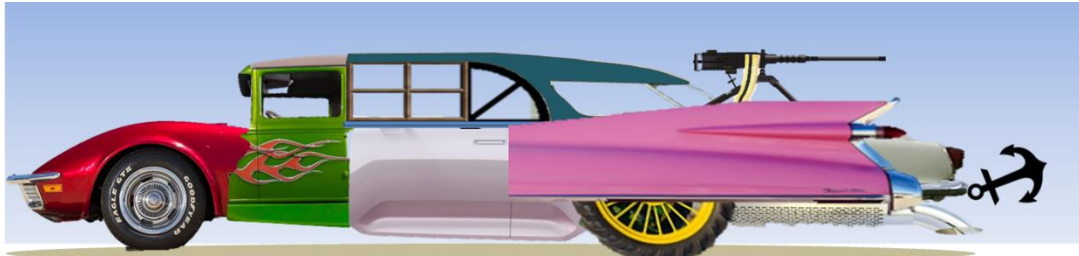
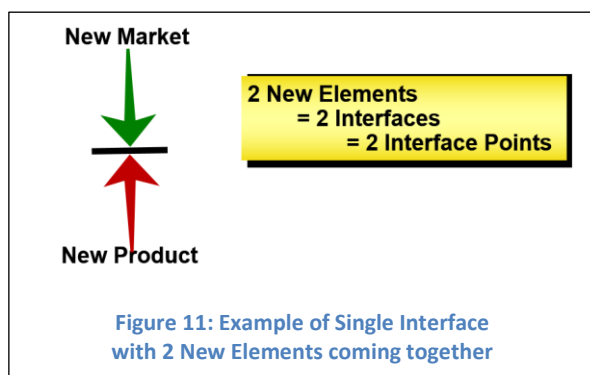The Mating of a Turkey, Frog, Worm, Shark, & Butterfly doth not make an Eagle.

Figure 9: Result of Cobbling a Muddled Models together created by subject matter experts

Appendix 10 – Complexity & Connectivity

To understand the non-linear phenomenon, see   (see Figures Figure 10,Figure 11, &Figure 12)

New Market

2 New Elements
= 2 Interfaces
= 2 Interface Points

New Product

Figure 11: Example of Single Interface with 2 New Elements coming together

New Market

3 New Elements
= 3 Interfaces
= 6 Interface Points

New Product   **New Technology**

Complexity Increases by Double the number of New Interfaces

Formula :(N)(N-1)=Number of Interface Points to Manage

New Technology

New Market   **New Location**

New Product

4 New Elements
= 4 Interfaces
= 12 Interface Points

Figure 12: Example of Four Elements with 12 Interface Points to Manage

Think of a sports analogy – the knee is an interface between to major bones; it's the place were breakdowns are the most common. Managing interfaces is critical to the Networked Enterprise, especially because there are so many of them. Every time another interface is added, the number of interface points increases dramatically, increasing the chances of a breakdown if the dynamics of the interface are poorly managed.
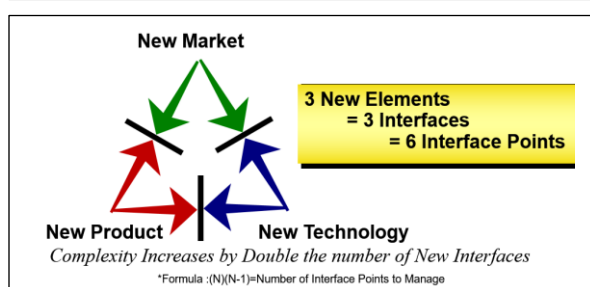
This can happen when there are personality clashes across the interface, or intensely different cultures, incompatible technologies, divergent strategies, onerous contracts, mismatched accounting/reporting systems, or even when a person at the interface is replaced by someone unfamiliar or unqualified. These are common problems in any interconnected organizational system.
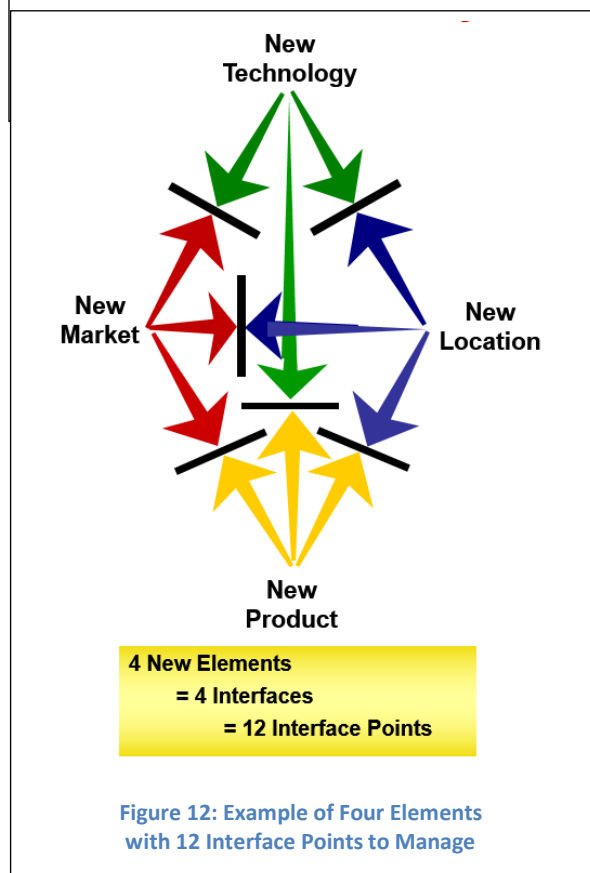
As illustrated in Figure 11, with four elements (such as four different companies in the Network) there are 12 different Interface points to integrate, manage, and synchronize. Each one presents a point of a potential breakdown, which can trigger more breakdowns. This is why major projects or "Big Bang" rollouts are so difficult to produce flawlessly, especially if the players have never worked together before.

Further, the condition of the Interface is critical to its performance. Interwoven into each of these interfaces lies a set of different *belief systems and supporting methods* that either align the networks or, the worst case, cause fragmentation and misalignment.

The three fundamentally different modes of interface interaction produce very different results:

- *Collaborative* interfaces are interactive, neural, trustworthy, and foster innovation.
- *Transactional* interfaces[16] are serial, useful for exchange, and require quid-pro-quo
- *Adversarial* interfaces are dysfunctional, distrustful, divisive, and destroy value for at least one entity.

Each of these three interface modes (Figure 12) has a massive impact on the functioning of a complex network on factors such as:

Figure 13: Modes of Interface Interaction

1. **Speed of Delivery**
2. **Coordination of Effort**
3. **Human Energy/Enthusiasm**
4. **Alignment of Goals**
5. **Collaborative Innovation**
6. **Litigation & Adjudication**
7. **Integration & Planning**
8. **Redundancy & Duplication**
9. **Productivity & Learning**
10. **Joint Problem Solving**
11. **Teamwork & Synchronicity**
12. **Proactive Initiation or Reactive Repetition**

Law of Compounding Interfaces/Risks

- *The Greater the Multitude of Interfaces,*
- *The Greater the Levels of Uncertainties & Complexities,*
- *The Greater the Risks of Multiple Failures & Non-Value Added Work*
- *Most of the Breakdowns will occur at Non-Collaborative (adversarial & transactional) Interfaces.*

A case in point: our team conducted a detailed study of over 90 major construction projects to determine the impact on of collaborative cultures on very complex "mega projects"-- typically seven years long and seven billion in expenses. (see Figure 13: Example of Complex Interconnected Mega Project)

The Return on Investment (ROI) requirements demand on time/on budget project delivery, because the "all-in costs" (expenses plus revenue lost) for an overrun are about $1 million/hour (yes, you read that right!)

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[16] Transactional interfaces are still valuable in situations that don't require innovation, problem-solving, rapid change, synergy, and alignment of complex organizational interaction.

Figure 14: Example of Complex Interconnected Mega Project

Companies that were truly committed to a "partnering" relationship had a profound competitive advantage far exceeding 25%.

Commitment to Integrity & Fair Play

Gaining competitive advantage through collaborative relationships must start with senior leadership making a powerful commitment to building trust. One of the Mega Project leaders, Steve Bass of Devon Energy, stated his perspective on collaboration:

> *Our philosophy is a "value delivery model" – it looks at total value with suppliers working together as a team, not just low cost. Productive supplier relationships are essential for value delivery to work.*

> *Our Corporate Values are central to our supply chain; this means having integrity, being open, forthright and honest with our suppliers, and being committed to our mission and purpose – to have passion in improving our business and building trust with our suppliers.*

Appendix 11 – How Culture Determines Human Behavior

General Motors & the Union from Hell

After twenty frustrating years, in 1982, General Motors threw in the towel on its plant in Fremont, California. After GM, Ford, Chrysler lost $5.5 billion to overseas competitors in 1980-81, a new sense of reality hit senior executives. The Japanese, led by Toyota and Honda, were making better cars at lower prices. GM was convinced that the plant that loomed like a big battleship of three million square feet had become simply a battleground for labor and management to tussle and squabble daily.

GM saw the union as the problem, after all it was the union that was instigating all the turmoil, and protecting the jobs of "hippies, drug-addicts, and scoundrels." The absenteeism was so high that often the production line couldn't even be started. It was, by far, the worst of GM's plants in terms of quality and productivity: double-digit defects in every car, and far higher than average hours to assemble any vehicle. Distrust ran so high that the labor contract was crammed with over 400 pages of legal doublespeak and 5000 union grievances were backlogged. Thousands of Fremont workers received pink slips.

Toyota approached GM in 1984 with an offer to establish a Joint Venture in the United States (New United Motor Manufacturing Inc. – NUMMI) to reopen and manage the Freemont plant. Toyota offered to up-grade the manufacturing line, and take back most of Fremont former employees along with their labor union, but only a handful of the GM management. GM saw this as an opportunity to learn the Toyota Lean Management System and accepted the offer.

Toyota hired back 85% of the Fremont hourly union workforce, giving them a strong voice in plant operations. A no layoff policy was instituted. Toyota spent $3 million to send 450 new group and team leaders to Toyota City for training in Toyota's production system.

Collaborative innovation was the focal point, as employees began participating in decisions regarding their work. Team members were trained in joint problem solving and quality practices to become experts in their respective operations. Employee roles expanded, the additional responsibility was for continuous improvement. Team members quickly implemented ideas for improvement, with successful solutions becoming standardized. All employees were empowered to stop the line at any time to fix a problem by pulling a cord running around the entire facility. Cooperation and confidence replaced coercion and conflict.

By the time the facility was fully operational, quality defects dropped to only one per vehicle. Cars were assembled in just half the time. Absenteeism dropped to 3%. Worker satisfaction and engagement soared. Operational innovation was on the rise, with over 90% of employees participating in the innovation program with nearly 10,000 ideas implemented. These were the same people, the same union, and the same equipment. But the outcome was radically different. All in under two years."[17]

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[17] May, Matthew; Elegant Solution , Toyota's Formula for Mastering Innovation; Free Press, 2007, p 61-65 16 When GM declared bankruptcy in 2009, it forced the end of the Joint Venture. The plant was temporarily closed, and Toyota, in conjunction with Tesla Motors, a manufacturer of new generation electric cars, now occupy the facility.

After two years in operation, the once antagonistic NUMMI workers had built more than 200,000 cars and were winning national recognition. The U.S. Department of Labor highlighted NUMMI as a model of positive labor management relations. Newsweek magazine spotlighted it as "a model of industrial tranquility." Fortune pronounced it "the most important labor relations experiment in the US today." Industry Week ranked the plant among America's 12 best manufacturing plants.

However, even though the GM managers trained at NUMMI learned Toyota's Management System, GM was still unable to implement it successfully in the rest of their U.S. operations.

Why?

Because the "invisible" part of the Toyota system was about trust and collaborative culture, which GM management was unable to replicate because its management culture was unsupportive.[18]

The NUMMI example shows how culture is the Number One determinant of Human Behavior, and Collaborative Leadership is the primary generator of culture. Great teamwork and collaborative innovation is based on human energy flowing in a single, unified, aligned, and integrated direction. This is the leader's most important task --- building trust, generating innovation, and achieving high performance.

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[18] When GM declared bankruptcy in 2009, it forced the end of the Joint Venture. The plant was temporarily closed, and Toyota, in conjunction with Tesla Motors, a manufacturer of new generation electric cars, now occupy the facility.

Appendix 12 – Contracting for Services

We've worked for years with organizations varying in size from a handful of people to multi-billion dollar global firms. For the most part, (over 90%) of our engagements are done with a simple Letter of Agreement (3-5 pages) that outlines scope of services, deliverables, and mutual expectations.

Sometimes, based on the magnitude and complexity, it's better to outline a Service Level Agreement, which might address some of the following issues:

1. OBJECTIVES
2. METRICS OF SUCCESS
3. MILESTONES & TIME FRAMES
4. SPECIFIC ACTIONS & PROTOCOLS
5. CLIENT PERFORMANCE EXPECTATIONS
6. RESULTANT PERFORMANCE EXPECTATIONS
7. VALUE EXPECTED BY CLIENT
8. SPECIFICATIONS & REQUIREMENTS
9. WHAT RESOURCES MUST BE COMMITTED BY CLIENT
10. WHAT RESOURCES MUST BE COMMITTED BY RESULTANT
11. LIMITS & CONDITIONS
12. FLEXIBILITY REQUIRED
13. AMBIGUITIES & UNCERTAINTIES
14. LEVEL OF ANALYSIS
15. RELATIONSHIPS REQUIRED
16. KEY PROCESS STEPS
17. GO-NO GO DECISION POINTS
18. INFORMATION REQUIRED
19. OBSTACLES ANTICIPATED
20. CO=CREATIVE SESSIONS PLANNED
21. COMMITMENTS, RESPONSIBIILITIES & ACCOUNTABILITIES
22. COMMUNICATIONS NEEDED
23. LICENSED USE AND REPRODUCTION OF MATERAILS
24. RIGHTS OF CO-CREATED MATERIALS
25. OTHER……….