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# Collaborative Excellence

## #15 -- Organization Transformation

### *Leadership for the 21st Century*

*Leadership Guidance for our age of speed, change, complexity and inter-connectedness*

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## Contents

<b>Part 1-- Understanding Organizational Change.....</b>	<b>3</b>
Dynamic Realignment .....	3
Forces of Change.....	4
Three Basic Forces for Change .....	4
1. The Force of a Crisis, Major Dissatisfaction or Breakdown.....	4
2. Elevating Force of a New Idea or Vision .....	5
3. Adaptive Change to Emerging Forces.....	5
Market, Social, Technical, Financial. Governmental, or Political Forces .....	5
<b>Part 2 -- The Nature of Human Nature.....</b>	<b>6</b>
Transforming Organizations Starts with Individuals.....	6
<b>Consequences of a Lack of Collaborative Systems Architecture .....</b>	<b>7</b>
<b>Senior Executive Post-Partum Implosion .....</b>	<b>8</b>
<b>Purpose of Culture .....</b>	<b>10</b>
What is Culture? .....	10
<b>Culture is the #1 Determinant of Human Behavior.....</b>	<b>10</b>
<b>Leadership is the #1 Determinant of Culture.....</b>	<b>11</b>
<b>Trust &amp; Fear Determine the Learning &amp; Cultural Pathways .....</b>	<b>11</b>
Myth of Culture Change .....	12
Human Behavior & Trust Modeling .....	13
Three Archetypal Patterns of Behavior, Culture & Economics .....	14
Muddling .....	14
Collaborate to Compete .....	16

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## Reframing Organizational Transformation

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The Rapid Pace of Change .....	16
Misconception about Collaborative Cultures .....	17
<b>Culture Creates a Massive Advantage in Collaborative Systems</b> .....	17
Culture's Invisible Impact on Outcomes .....	18
<i><b>The Plague of Cultural Misalignment</b></i> .....	18
The Elusive Search for Synergy .....	19
Leadership for Aligning Strategy, Culture & Training .....	19
<i><b>Impact of Leadership &amp; Culture on Engineering Projects</b></i> .....	20
Evidence of Evolutionary Biology .....	20
<b>Part 3 -- Designing Your Organization</b> .....	<b>21</b>
Making the Right Choice – Transactional or Collaborative System? .....	21
1. When Collaborative Systems are Required .....	21
2. When Transactional Systems are Required .....	21
<b>Part 4 -- Launching Transformation Using the Four Alignments</b> .....	<b>24</b>
Template for Transformation Initiatives .....	24
<b>Part 5 -- Overcoming Resistance to Change</b> .....	<b>27</b>
Change is not a splendid experience .....	27
The Difficulty of Change .....	27
The Emotional Volcano .....	28
Understanding Human Factors .....	29
Drive to <b>Acquire</b> .....	29
Drive to <b>Bond</b> .....	29
Drive to <b>Create</b> .....	30
Drive to <b>Defend</b> .....	31
Overhauling a Race Car Engine while Driving at High Speed .....	32
The Seven Deadly Sins .....	33
1. Too Complex – The Whole Program is far too complicated .....	33
2. Too Much FUDD – Fear, Uncertainty, Discord, Distrust .....	33
3. Too Little Engagement .....	33
4. Insufficient Value Proposition .....	34
5. Too Little Leadership .....	34
6. Too Little Evidence .....	35
7. Rewards & Measures & Culture Reinforce Old Behavior .....	35
<b>Part 6 – Diagnostics</b> .....	<b>36</b>
Types of Diagnostics Instruments .....	36
Early Warning System .....	37
Tool for Idea Generation/Introduction or Strategic Repositioning .....	37
The Diagnostic Myth .....	37
Managing Expectations .....	37
The Diagnostic Process .....	37
Diagnostic Tool Usage .....	40

Note: Appendices are for INTERNAL USE ONLY



## Part 1-- Understanding Organizational Change

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.

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.<sup>1</sup>

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

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<sup>1</sup> We used the Toyota methodology for measuring value-added work, which has been adapted to health care analysis. Let 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.

### Part 2 -- The Nature of Human Nature

Leadership is first and foremost about people; you don't lead things, 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 Unpredictable?

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).

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. 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.

## Consequences of a Lack of Collaborative Systems Architecture

Looking at the last fifty years retrospectively, the evolutionary pattern of the collaborations tended to follow three typical paths:



### *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.

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



1. Collaborative champions, with verve and vigor, advocated, implemented, and personally embodied the ideals of working together. Their results were exemplary. However, as the collaborative champions moved on to new jobs, their replacements – usually successful operational managers – lacking the intuitive insights and passionate commitment of the initiator, allowed the collaboration to erode, and pass into disuse. The initial champions never imbedded the “system design” into the brains of management, nor into the structure of the organization, nor into the culture.
2. Sometimes the collaboration was so successful that it garnered more support, generated more collaborations, and produced sustainable competitive advantage/profits.<sup>2</sup> In these cases, which are unfortunately too few, the culture of the company actually changed.
3. Often times the collaborative champions were supported by a strong senior executive who acted as the “godfather.” But when that senior executive retired, the organizational “immunal rejection response” kicked out the collaboration, just like an oyster spits out a grain of sand, not realizing it could spawn a pearl, resulting in *Senior Executive Post-Partum Implosion*.

### Senior Executive Post-Partum Implosion

Comments from executives who spent their entire careers on the firing line and in the trenches provides reference points, deep insights, and clues why such an extensive array collaborative management best practices have had such an erratic and uneven long-term track-record. “*Senior Executive Post-Partum Implosion*” is the phenomenon when a senior executive, who has catalyzed and championed highly effective collaborative efforts, leaves his/her organization -- the collaborative endeavor collapses behind them (unless his or her successor is a deep believer and skilled in collaboration). The collapse is very devastating both in productivity and emotional impact. As one former IBM executive explained:

*“I was the General Manager of a division. I worked fastidiously to get our hardware engineers to work with our sales teams, software designers, and our field delivery force.*

*“It was dramatic to watch, and inspiring as it worked.*

*“But my replacement was so focused on bottom line results, he drove a wedge between every group, expecting individuals, not teams, to perform.*

*“The good guys soon left, as the culture became cut-throat. My successor drove them out. Soon the whole organization was a wreck.*

*“I can only explain my entire time with this example:*

*Imagine the organization as a bucket of water. I came in, put my hand in the water, and delicately started stirring the water until it became a well- coordinated whirlpool. When I left, it was like taking my hand out of the bucket. Five minutes later the bucket was just like it was before I started.”*

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<sup>2</sup> In the Airline industry, Southwest demonstrated this shift, but the industry never changed. Toyota and Honda embodied collaboration, producing great competitive advantage, but the Auto industry did not shift. Beginning about twenty five years ago, collaborative alliances began having a major impact in the bio-pharma industry, and those who did not embrace collaboration found themselves severely disadvantaged in their ability to discover and develop new drug formulations.





My colleague Steve Rogers, (now retired) senior executive at Proctor & Gamble stated it another way:

*“Looking back at the many years spent in many jobs, so much felt like I was walking on the beach leaving footsteps in the sand. When the tide changed, it was like I’d never been there. I wish I had driven pilings deep into the company’s culture, imbedding it solidly down to the bedrock of management.”* Rogers continued, *“With the levels of employee churn today, indoctrination training is just not enough. You’ve got to reinforce, retrain, and realign continuously. Having a powerful systems design architecture creates a powerful mindset and skillset that can keep the front line tuned into the big picture.”*

Collaborative Excellence is not a new idea, but it is certainly an unfulfilled quest. The pathway to fulfillment requires we embody a “systems architecture” to give structure and support to transformation.

Interviews with dozens recently retired senior executives who were champions of collaboration during their very stellar careers revealed some very unsettling commentary:

- *We built a great set of companies –with inspired people, innovative, and highly profitable. When I sold the company, the new owners promptly disassembled everything we built, turned our supply chain alliances into a bunch of angry vendors, quality fell apart, and customers left in droves. Today it’s just a shell of its former self.*
- *Our alliance program produced only 30% of our company’s revenues, but over 50% of its profits. Unfortunately control was more important than results. The new CEO blew up the alliance strategy because he wanted complete control. Profits and stock prices plummeted. I decided to retire, but, in the end, the taste of losing haunts me.*
- *We changed the culture from adversarial to collaborative, and watched our revenues jump, our profits double, and innovation blossomed everywhere. When I left, everything reverted back to the old habits, and profits dropped dramatically.*

When asked what went wrong, executives lamented that they never had a compelling design architecture they could imbed in the culture to sustain their collaborative initiatives.

We’ve heard innumerable versions of these tragic stories from scores of executives, from every industry, from every profession. Oftentimes the departed senior executive welled-up in tears as they tell their severely sad story describing how their “baby” (their company) withered upon leaving.

Collectively the tragic tales of “*Senior Executive Post-Partum Implosion*” highlights the necessity of embedding a *Collaborative Systems Architecture* into the fabric of an organization’s culture to sustain & engrain the shift in the organization’s culture and permanent thinking.

Why the implosion? In each case, digging deeper, it’s usually revealed that the organization’s culture or the successor leader was either *adversarial* or *transactional*, or both. Hard-nosed executives have been told that “culture is soft” or “if it can’t be reduced to a process, it has no value,” thus they neglect the power of culture to elevate their organizations, believing they are powerless to change the situation.

### 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.

### What is Culture?

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 (such as personality) will determine human behavior.

### 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 hoard 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<sup>3</sup> 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.

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<sup>3</sup> Murphy, David E.: *What Stalin Knew: The Enigma of Barbarossa*; Yale Press, 2005

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 intentions. 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."

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.

### 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 culture, 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.



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.

### *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: **Authoritarian/Adversarial**, **Tactical/Transactional**, and **Co-Creative/Collaborative** built into the DNA<sup>4</sup> 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.

#### Muddling

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"<sup>5</sup> – which produces highly dysfunctional chunks 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.

Unscrambling this muddled "spaghetti" can create quantum jumps in productivity, thus providing leaders and managers with clarity that aligns organizations and harnesses human energy.

<sup>4</sup> 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 "archetypal" 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 predictable 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.

<sup>5</sup> 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.



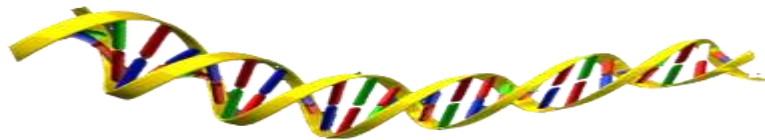


The three archetypes are very poorly differentiated in the teaching and practice of leadership and organizational development which is one of the central issues why collaboration has had such difficulties sustaining itself, despite its long-documented and powerful impact.

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

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.

Here’s what the three archetypes look like in brief summary:



## **AUTHORITARIAN/ADVERSARIAL:**

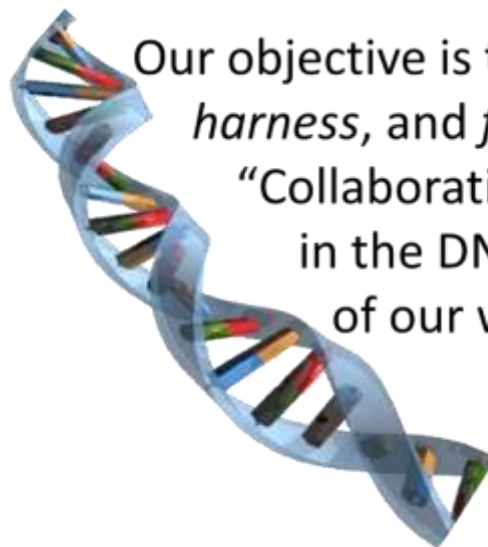
- Always Take Advantage
- Manipulation, Distrust
- Win-Lose, Dog Eat Dog
- Survival of Fittest
- Might makes Right
- My Way or the Highway
- He who has the gold, RULES!
- What’s Mine is MINE,  
What’s Yours is Negotiable

## **TACTICAL/TRANSACTIONAL:**

- Everything’s a “Deal”
- Quid Pro Quo, Trade
- Buy Low - Sell High
- Almighty Self Interest
- Tactical Transactions
- Price, Price, Price
- Hierarchical & Positional Power
- Win-win is okay if both sides  
bargain very hard

## **CO-CREATIVE/COLLABORATIVE:**

- Teamwork, Trust, Work Ethic,
- Mutual Benefit
- Synergy – Strategic, Cultural, &  
Operational Alignment & Integration
- Vision & Values (Integrity) Driven
- Long-Term, Strategic View
- Value is more than Price
- Share Fairly, Create Anew
- Cherish Differences as Engine of  
Innovation



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



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.

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.

## ***Collaborate to Compete***

Many people make the mistake that collaboration and competition are the opposite of each other and one excludes the other. This is a highly mistaken notion, and compounds the confusion about collaborative organizations.

In fact, there are many examples of collaboration used for enhancing competition – sports is the best example.



Soccer (like it’s counter-parts such as basketball and hockey), is a fast moving, rapidly changing, dynamic game. Every person must work collaboratively to compete successfully. It entails a highly collaborative sense of teamwork as well as the co-creative capacity to innovate every spit second to adapt to changing conditions.

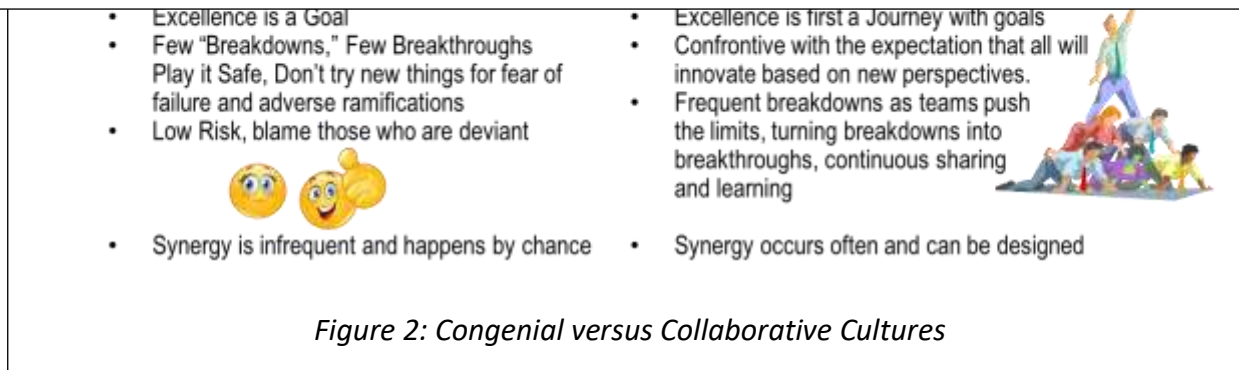
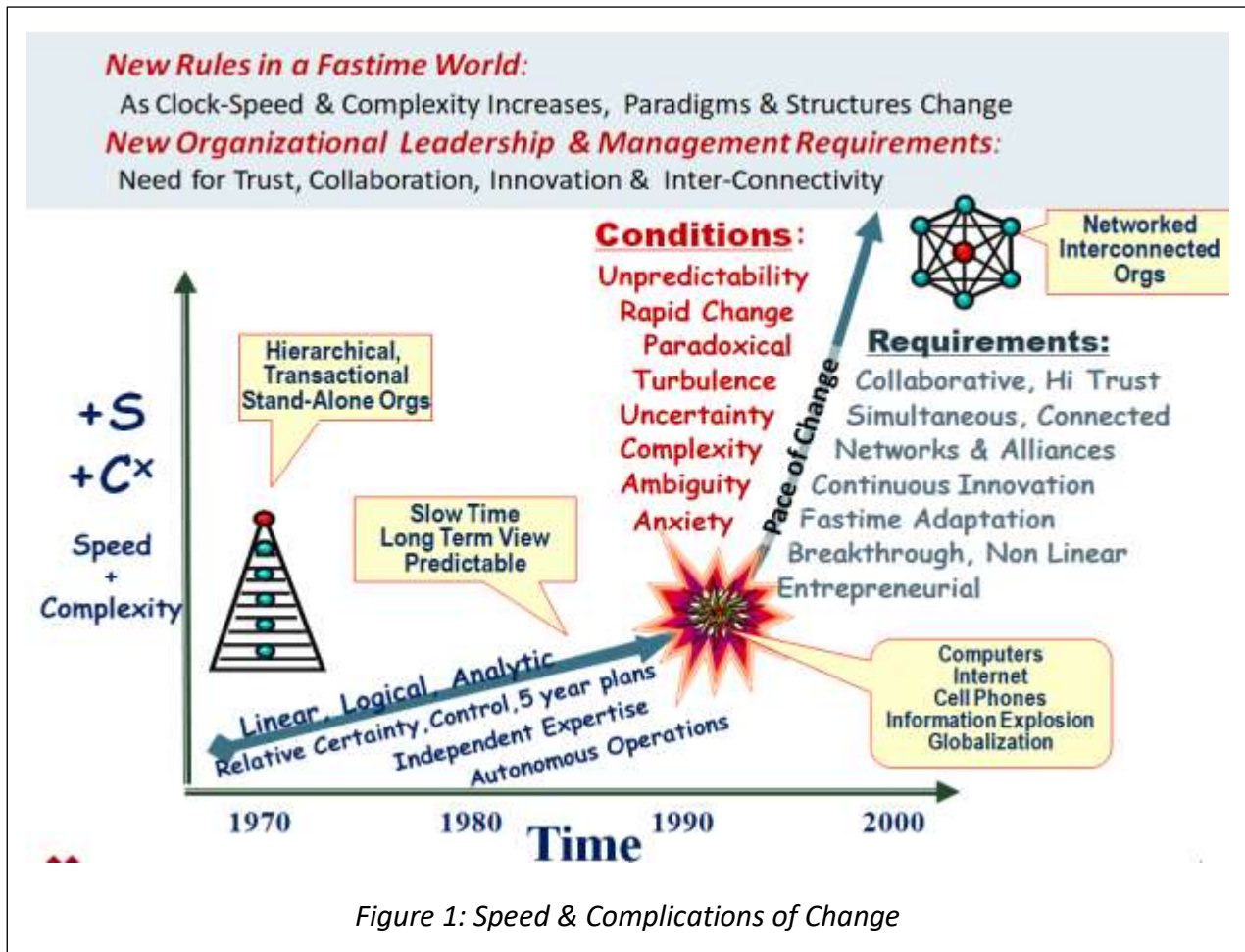
Now, imagine for a moment, if a new team captain took over the group of athletes and dictated that all decisions had to be made and approved by him (this could be as ominous as an authoritarian leader, or as benign as a hierarchical boss insisting on a command-and-control structure). What would happen when they tried to play a real soccer match, as the “commander” tried to order the players into positions on the field. How many goals would they score? How well would they defend their own goal?

The answer should be obvious – in this scenario, the commander’s team have a goal scored against it every minute and fall hopelessly behind in short order.

Yet we continue to try to run our businesses in an archaic hierarchical manner, while the competitive world is requiring the speed and innovation that collaboration only provides.

## **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).(see Figure 1)



collaborative. The problem is that congenial cultures often harbour high levels of distrust and passive aggressive behavior that is highly dysfunctional and unproductive.

## 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.



## Reframing Organizational Transformation

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"There are few rules, codes, or books of procedure....I believe all high-performance companies are led and managed by principles, not process."<sup>6</sup>

### *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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<sup>6</sup> 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.

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*Synergy is most likely to manifest in collaborative environments*

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## *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.





## *Reframing Organizational Transformation*

### *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<sup>7</sup> 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" <sup>8</sup> 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

### *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 collaboratively 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.

<sup>7</sup> 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.

<sup>8</sup>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 -- 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 White Paper 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
10. Trust is largely invested in Core Competencies, Contracts, Regulations, and Standard Procedures, not Human Interaction

#### ***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 mistakes are made or targets are missed

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.



Figure 3: 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,<sup>9</sup> 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 3):

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.

<sup>9</sup> 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.



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.



Figure 4: Rules of Engagement on the Certainty - Ambiguity Continuum

To understand Figure 4, 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.

In the next section, we'll outline how to use the 4 Alignments of Leadership to address how to overhaul your organization on the fly.

### Part 4 -- Launching Transformation 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.” The sequencing of events (v) is important and should be followed somewhat sequentially with appropriate overlaps.

#### Template for Transformation Initiatives

##### 1. STRATEGIC ALIGNMENT

- ✓ **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
- ✓ **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
- ✓ **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.
- ✓ **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

- ✓ **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





## ✓ **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*

## ✓ **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**

### ✓ **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 percolate on the front lines)
- Turn Breakdowns into Breakthroughs with Learning & Innovation
- Emphasize Collaborative Innovation, Excellence, & Team Performance

### ✓ **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)

### ✓ **Human Resource Support**

- Ensure Human Resources have Capability (capacity & competence)

## **4. DYNAMIC REALIGNMENT**

### ✓ **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



## *Reframing Organizational Transformation*

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- Use Collaboration to Adapt to Changes in Environment & Manage Complexity
- ✓ **Institute Fasttime Processes**
  - Remove Non-Value Added
  - Streamline Process Flow, Remove Silos/Barriers
  - Ensure Cross-Functional Alignment and Teamwork
  - Create Feedback Loop to Strategic Planning
- ✓ **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)
- ✓ **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
- ✓ **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
- ✓ **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
- ✓ **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





## Part 5 -- Overcoming Resistance to Change

### 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.

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

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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 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 5)



Figure 5: Resistance to Change

### The Emotional Volcano

Change is stressful (see Figure 5: Resistance to Change ) 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”).

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 5) 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 (see Figure 6)



Figure 6):

Figure 6: 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.



## Reframing Organizational Transformation

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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

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."

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.

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*People Support What They Help Create*

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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

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.



enlisted ranks. One of the problems was that the CO's officers weren't taking care of their men. I went down to the mess deck to talk informally with the enlisted corps. They were reluctant to speak 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.

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## *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.”

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**

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<sup>10</sup> 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.”

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*It's Dissatisfaction, not Necessity,  
that's the Mother of Invention.*

*If it were Necessity, cave men  
would have invented the light bulb.*

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*People Desecrate What They Distrust*

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<sup>10</sup> Note the distinction between “Congenial” (nice) versus “Collaborative” (trusted teamwork)





### 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 is 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.

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

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

### ***Overhauling a Race Car Engine while Driving at High Speed***

A veteran CEO lamented to me that trying to change his company was like trying to do an engine overhaul on his race car traveling at 100 mph on the speedway. He shrugged his shoulders and shook his head stating "If it can be done, it's nearly impossible." He was frustrated and believed it couldn't be done. He was right – if you believe it can't be done, it can't.



The problem is, if you don't overhaul your organization, the competition will overtake you sooner or later.

And it can be done while traveling at internet speed.





## The Seven Deadly Sins

Here's a short list of the typical problems that manifest as Resistance to Change and what can be done about it:

### 1. Too Complex – The Whole Program is far too complicated

- **Problem:** *The human brain's Pattern Recognition & Prediction Capability is Confounded by Complexity or says "No Way!" because people suspect embedded within the complexity is chicanery.*
- **Solution:** *Any Systems Solution is complex. However "Keep It Simple & Straightforward" (KISS), must prevail -- at least at the conceptual level. Simple messages, simple frameworks, simple steps, low risk, high reward, low threshold for first stage improvements are essential. Try to message in units of 2, 3, or 4 – such as the 4 Drives, the 4 Alignments, 3-Dimensional Communications, etc. Not everyone needs to know all the intricate details.*

***Simplify the Transition --  
complexity kills transformation***

*Institute Immersive Learning Training Programs that make it clear what the New Beliefs, Thinking, Insights, Skills, Responses & Capabilities might look like. Lower the Threshold of Risk & Fear, Build Trust & Teamwork. Define New Standards of Behavior, Metrics, & Rewards.*

### 2. Too Much FUDD – Fear, Uncertainty, Discord, Distrust

- a. **Problem:** *If people are distrustful, they will try to protect themselves (every man for himself), rather than embrace others with an open mind. This is often the result of an adversarial culture where leaders have been blaming others, ridiculing others, punishing every mistake, or killing the human spirit.*
- b. **Solution:** *Start with a diagnosis of the level of FUDD, using the Trust frameworks for building a collaborative culture. Train people on how to improve the level of trust. Emphasize teamwork and cross-boundary integration by putting people from one department into another.*

***Foul Fruit grows in a  
forest of FUDD***

### 3. Too Little Engagement

- a. **Problem:** *Those who must Support Change feel Left out, Isolated, or even Castigated; they've been isolated or their voices haven't been heard; thus proposed changes are without the involvement, insights, and ideas for improvement by those who will be affected by the change.*



- b. **Solution:** Set up Engagement Workshops where people contribute to diagnosing the problems and obstacles, create solutions from those who have to implement the new program, and diagnose where the breakdowns might occur.

***“People Support What  
They Help Create”***

### 4. **Insufficient Value Proposition**

- a. **Problem:** Not enough value created to justify my interest, commitment or devotion.  
Doesn't exceed the “hurdle rate” that will make a difference.
- b. **Solution:** Many programs focus on reducing costs and increasing profits. While these are essential, they often overlook the real creation of value that excites the workforce to do things better, to innovate, and to connect across boundaries to seek new ideas.  
Revisit Chapter 4 on Value Creation to be sure the transformation produces new value that makes the reward worth the effort.

***“Value is what remains after  
the price tag wears off”***

### 5. **Too Little Leadership**

- a. **Problem:** Neither Senior Leaders nor Senior Managers are Strong Advocates of the changes advocated. The success of the program has been delegated to outside consultants and middle managers.  
  
The term “change management” epitomizes the problem. Change, in and of itself is not inherently good or revered. It is not a job for managers alone.
- b. **Solution:** Transformation is, by its nature, both a leadership responsibility and a systems redesign endeavor. Very few leaders are proficient at changing complex systems – they were never trained in such things. Before embarking on such a venture. One of the reasons why leaders don't become fully committed to transformation is they don't feel confident – they've never been trained in an effective design framework that enables core teams to produce reliable results. (That's the purpose of this book.)  
Beyond commitment, leaders must communicate frequently and innovate continually. If the senior leadership team is not on the same page about the value, strategy, and implementation of the effort, the cracks in the leadership team will manifest in the mediocrity of the results.



*Don't overlook management – they must deliver the results. Be sure they are supportive, involved, and accountable.*

## 6. Too Little Evidence

- a. **Problem:** *Because change triggers insecurities in people, to reduce the uncertainty, they look for evidence things will work out okay. The easy, but less effective route is to show that the new way worked someplace else, so it should also work here. Some will buy this thinking, but others will remain skeptical and give credence to all the cynics who won't accept the possibility that a new way will be effective.*
- b. **Solution:** *Success at any transformation effort is triggered by strong attitudes and beliefs in a new way of thinking and operations. Without a powerful countervailing belief system, the vacuum will be filled with FUDD. To counter this effect, it's imperative to create concrete evidence (often via a Pilot Program) that proves to healthy skeptics that things will progress positively. Hand select the participants to increase the chances of success. If cynics aren't neutralized, consider moving them to places and positions where their negativity won't poison the future.*

## 7. Rewards & Measures & Culture Reinforce Old Behavior

- a. **Problem:** *In many efforts to shift the organization, leaders overlook the fact that the old rewards, measures, and culture has not changed. Thus people are expected to act and think to a new standard, but they are reinforced to behave by the old standard.*
- b. **Solution:** *Comb through every measure and reward in the organization to flush out those that reinforce non-collaborative behaviors. Critically examine the culture (see Chapter 2) to realign the organization's vital energies toward high achievement by emphasizing trust, innovation, and teamwork.*





### Part 6 – Diagnostics

No organizational transformation can be successful unless there is a way of measuring the condition of the organization and the impact of changes.

Think of diagnostics for organizations as you would for diagnostics for humans – it is to discern disease and dysfunction, and to bring the person (transform) back to good health and highest performance possible.

The purpose of diagnostics is to provide an assessment of the current condition, the critical breakdowns, the energy for change, and the areas where improvement will be the catalyst for spearheading greater improvements.

Diagnostics provides insights into the strategic direction for transformation, along with the methods and tools for aligning the leadership and teams to undertake improvements.

A typical diagnostic assessment will address core issues around collaboration, trust, innovation, value creation, teamwork, morale, cross-functional integration, customer relations, supply chain management, external alliances, communications, adversity response and competitive benchmarking.

**One important caution** – diagnostics should be done by an independent assessment organization with expertise in this field. The reason: people are reticent to answer honestly unless they are assured that their opinions are held in the strictest of confidence. If those being surveyed think for one moment that their answers will be reviewed by their bosses, they will not answer with full honesty for fear of possible retribution.

#### *Types of Diagnostics Instruments*

The two most common diagnostic tools are surveys and interviews. Each has its pros and cons.

- Surveys (usually done over the internet now) are fast, relatively inexpensive, and can create excellent baseline benchmarks for trending. Experience has shown that individuals will provide a better level of information via a strictly confidential internet survey than written questionnaires. As a quantitative instrument, surveys lack the ability to gain deep insight into critical organizational issues.
- Interviews can derive rich information, are interactive, and, when done by a skilled interviewer (who knows the industry and alliance field) can provide deep insight into issues, motives, and solutions. However, interviews can take a long time to set up, compile, and analyze, thereby becoming costly due to the high labor expense. (We have also observed that many interviewers are hired because of interviewing skills, but often they lack an understanding of both alliance and the specific industry, thus missing many of the nuances of their subjects.)

After years of using both methodologies, we have found that high stakes organizations and alliances can best be served by the right combination of the two approaches: a set of 4-5 telephone interviews with key leaders coupled with an internet-based survey reaching into the depths of the organization. This hybrid approach is both economical and effective.



## *Early Warning System*

Another very effective use of diagnostics is as an early warning system. By a frequent use of surveys (annual or semi-annual), difficulties in an alliance can be spotted early. This approach will enable the global manager to spot difficulties that may otherwise go undetected until the problem is terminal.

## *Tool for Idea Generation/Introduction or Strategic Repositioning*

A survey instrument may be used to introduce a new idea, perspective, or frame of reference, or to test the waters before embarking on a new idea or program. Depending upon the acceptance level, leaders will learn where pockets of resistance may lie, or what parts of their ideas are likely to survive. Surveys can ask open-ended questions to surface new ideas. Similarly, by seeding a survey with some new ideas, new ways of thinking can begin to be imbedded in an organization.

## *The Diagnostic Myth*

One key myth about diagnostics is that, in and of themselves, diagnostics are important.

The harsh reality is that diagnostics for their own sake are actually harmful if problems are uncovered without a follow-up program of corrective action.

Here's why: Expectations are raised whenever someone probes into problem areas; what might have been subliminal difficulties are now poignant, and old hurts are renewed just by asking questions. Consequently, we build in a feedback and action-planning program into every diagnostic program we do.

## *Managing Expectations*

There is a fundamental rule in diagnostics: "You get what you measure." Therefore, understanding the underlying metrics and expectations of a survey instrument before bringing it to the participants is essential.

Otherwise, the wrong expectations can be raised, with very frustrating results. Inexperienced surveyors fail to realize that every diagnostic intervention will generate expectations for correction of any problems surfaced by the survey.

Therefore, there must be sufficient executive support for addressing a problem; otherwise leave it alone.

## *The Diagnostic Process*

Launching a Diagnostic and Action-Planning program involves three or four key phases:

- Phase One -- [Analysis](#): Performance Diagnostic
- Phase Two -- [Feedback](#): Determination/Identification of Points of Leverage
- Phase Three -- [Action](#): STRATEGIC RELATIONShift<sup>SM</sup> Workshop Program
- Phase Four -- Additional Follow-up Services





## *Reframing Organizational Transformation*

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### Phase One – Analysis: Performance Diagnostic

We invite up organizational stakeholders to answer the specially designed survey, which is housed on a secure web site.

The web-based survey uses a set of 35 baseline questions. Drawn from our proprietary collaborative excellence architecture, these questions readily identify the critical success and failure factors of your organization and prescribe the best practices and best processes for improvement. Up to fifteen additional questions can then be customized to target specifics of major initiatives, alliances, or joint venture relationships.

### Priority-Conflict Analysis

In any organization, a common source of difficulty will be conflicting priorities. In any survey, several questions should be custom-tailored to determine the impact of these priority conflicts on performance. Example of priority conflicts include:

- Is it more important to have low cost or high innovation?
- Is it more important to get to market fast or to have a fully functional product?
- Is it more important to gain the support of internal engineering or to bring in innovations from the outside?

### Phase Two -- Feedback: Determination/Identification of Points of Leverage

Data is collected in a database. If desired this information can be run through a sophisticated statistical analysis software program. This core database can then be expanded upon in the future. We suggest initially conducting pilot studies with three important alliances to investigate some strategically pressing hot spots/issues. Once the surveys/interviews are completed, our standard practice is to convene a core team of senior internal leaders, aided by an external consultant, to review the collected data and isolate points of leverage for significantly improving the performance of the alliance.

This is an important discussion which enables the leaders to privately examine what might be causing the problems, what options might be necessary for correction, and what leverage points they have for change. By giving the leaders a preview of the data, they are not blind-sided or caught flat-footed when the problem-solving session begins in the next phase.

We then create a succinct executive report to the sponsoring management, targeted at informed decision making. We can present the report to management, if desired, in an Executive Briefing and Action Planning Session. Included in the report are follow-on activities that we can directly implement to advance your capabilities for your other internal and external collaborative relationships (such as alliances, R&D, Supply Chain, Complex Projects, etc.).

However, the most valuable next step is to engage in an Action-Planning workshop with the Alliance teams on both sides of the alliance. We call that program “STRATEGIC RELATIONShift.<sup>SM</sup>” As a matter of policy, we tend to shy away from any diagnostic work unless there is a commitment by senior management to engage in some form of sessions to address problems if they are surfaced by the survey. Otherwise, expectations are raised, hopes are dashed, and the future can actually be further damaged if no action is taken.



## Phase Three -- Action: STRATEGIC RELATIONShift<sup>SM</sup> Workshop Program

At this stage, the leadership is equipped with clear and concise data to develop strategies and tactics. More often than not it's vital for the leaders to have their entire leadership team embrace the results and, using the principle "people support what they help create," jointly design the corrective solutions/actions.

The STRATEGIC RELATIONShift<sup>SM</sup> sessions are action-planning workshops that can be as short as a few hours, or as long as 2 days, depending upon the scope, scale, difficulty, and potential opportunity. If the relationship is a large-scale strategic alliance or joint venture, the transformation and integration process will take longer.

## Phase Four: Additional Follow-up Services

After the STRATEGIC RELATIONShift<sup>SM</sup> sessions, our role changes. We have provided a number of additional follow-up services, including:

- *Semi Annual or Annual Health Checks:* Most organizations are well advised to do an annual health check to ensure there is no slippage or hidden problems as the organization moves from internal conflicts to high performance collaborations. If there are major changes, such as acquisition, turnover, leadership replacement, or other adversities, we recommend the Health Check be done more frequently, such as semi-annually.
- *Transformative Action-Learning Engagement:* This is our Collaborative Excellence Architecture that embeds Trust-building, Fasttime, Teamwork, Innovation, Value Creation, Multi-dimensional Alignment, Collaborative Leadership, Value Chain Connectivity, and Managing Complexity into your organization in a sustainable system that will thrive in adversity. This is the most complete and fully integrated method of Organizational Transformation available.
- *Collaborative Innovation Processes:* We put innovation processes and practices in place to enable the alliance to capture a continuous stream of innovations. This keeps the alliance competitively positioned and generates new value, thus regenerating the alliance over its lifecycle.
- *Alliance Catalyst:* We will act as a catalyst for the sustained exploration, planning and implementation of a "high power" alliance, right through negotiations, legal structuring and operational rollout, where most alliances begin to lose momentum. We will provide fair witness and coaching as capabilities and resources are selected and integrated.
- *Driving Proven Practices into the Operational Level:* Once the STRATEGIC RELATIONShift<sup>SM</sup> program is complete at the senior level, alliances with a large number of personnel in the field are often faced with the daunting task of building capability in alliances, supply chains, or complex project implementation at the site-level. We have developed a highly effective 2-day Proven Practices Action-Planning implementation program that carries the spirit and priorities from the STRATEGIC RELATIONShift<sup>SM</sup> Program to the field. This ensures critical mid-level managers have the right skills and abilities to manage these complex relationships effectively.

### Diagnostic Tool Usage

As the collaborative process progresses, you can use the survey to understand how well different phases of the collaborative excellence architecture have been implemented, much like “instant polling” during the transition phase. This could provide insightful information to correct issues before they become a major impediment to success.

Once things are well underway, the survey process can serve as an Early Warning System to identify emerging problems before they get out of hand, particularly those that might be happening in isolated areas of the organization where your people are not directly connected.

In addition to understanding whether the “in process- measurements” are being achieved, the Diagnostic Tools can be customized to address output-related information to determine whether you are achieving stated financial goals. Using a survey, coupled with interviews and analysis, you will be able to assess qualitative levels of expectation that are agreed upon at the outset of an agreement, draw quantitative, statistically supportable *conclusions* about performance, and address issues of concern in a timely manner.

In conclusion, diagnostics are an essential component of any robust collaborative excellence program. Diagnostics can assess a great variety of issues, from organizational health, readiness for action, capabilities to perform, or to trigger collaborative innovation.

With a commitment to follow-up action, diagnostics provide a strong return on every dollar invested.

