The learning organization: from dysfunction to grace

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ABSTRACT

This paper presents key findings from an action research case and consulting project completed in the Western U.S. with a large amalgamated transit system located in a major metropolitan area. The author was retained by the agency to complete an organization assessment and to work with the Board of Directors and a new senior executive team to implement a plan for organizational change. In the assessment phase of the project, it became clear that learning disabilities and organizational dysfunction were preventing this agency from reaching its potential in organizational effectiveness. The previous leadership team was ineffectual and failed to address both strategic priorities and operational issues. The author worked with the organization, Board of Directors, and new executive team to generate a shared vision, which all employees contributed too and were trained in. Assessment results pinpointed key issues and interventions that would need to occur to break-up the dysfunction, facilitate organizational learning, and close the loop to create redundant learning cycles and feedback loops. Organizational strengths and human assets were emphasized as building blocks for change. The author highlights a number of recommendations based upon the results of the action research project. Keys to success were executive and Board directionality, a comprehensive, integrated change plan and implementation, and a strong focus on role modeling, performance management, and accountability.

Keywords: disabilities, dysfunction, learning, action research, interventions

INTRODUCTION

In the last decade of the 20th Century, Peter Senge (1993), an M.I.T. management thinker, and two notable professors of organizational behavior, Chris Argyris and Donald Schön (1996), popularized a topic from management research, which has been available in the management literature for 45 years (Argyris, 1967; Cangelosi & Dill, 1965). It is called organizational learning. Senge (1993) and his associates did some research with progressive and innovative companies and uncovered strategies and insights essential to the creation of flexible, adaptive organizations. His basic premise was that organizations needed to be capable of *learning* (p. 13) in order to adjust to the long-term economic hurricane conditions we face today. For Senge, learning was not just assimilating new information or even developing new competencies. Learning entailed a "fundamental shift or movement of mind" (p. 13). If individuals and organizations were learning, it meant that they were "expanding their capacity" (p. 14) to continuously create and recreate their own futures.

Most societies have recognized that learning is important for individuals. In this country, if one can afford it, one puts their children in pre-school, drives them in the academic pursuit of excellence from grade school through college, and hopes that they have internalized enough concepts and skills to make their way in this world. It is only within the last 15 years that learning has become a hot topic for organizations (Senge, 1996). In truth, corporate entities of the past could get away with very little of the type of learning this author discusses. Protective markets, lack of meaningful competition, and the supremacy of command-and-control structures reduced the need for organizational learning. The task environments of most organizations were in low gear. Organizations could function; even succeed, without developing much. Most of them did. Learning and development has now become important to organizations because they are exposed to the rapid movement of capital, customers, and societies in ways that threaten existence. There has been a global shift, and the 2007-2010 global recession notwithstanding, both profit and non-profit organizations will continue to adjust to and capitalize on this shift.

What this author means by a learning organization is a group of people, large or small, who are organized to produce specific products or services. They are bounded-off from other groups, and constantly engaged in an ongoing process of (1) focusing on their environment to collect data on customer expectations, (2) realigning structures, systems, and processes to respond to change, and (3) continually confronting dysfunctions which threaten to impede organization effectiveness leadership, team work, and customer satisfaction. Put another way, the learning organization recognizes that the environment is constantly changing and changes itself to keep pace with these external shifts. Individuals and teams must learn together or risk dysfunction. This is an ironclad rule. The author's premise is that all organizations that fail to learn will become dysfunctional. Organizations which are dysfunctional will fail to recognize or adapt to significant changes in their environments. While they may or may not survive as an organization, once dysfunctional dynamics are entrenched, the path back to learning is often a painful and sometimes exhilarating process. It requires sustained commitment and courage. Like individuals, most organizations would rather procrastinate than change.

The author will illustrate both the power and pain of organizational learning by presenting a case example of an organization he consulted to for over 3 years. The agency was a product of mergers and acquisitions. Several traditional transit agencies merged to form a new entity, Tranzex (not its real name). Located close to a dynamic and expanding urban center, the agency found itself quickly pressed to expand services to accommodate a diverse and

differentiated customer base. Born as a new entity, it still possessed the cultural artifacts and baggage of the smaller agencies from which it was formed. The public transportation industry is heavily regulated and answerable to many stakeholder groups and constituencies. This means many rules and procedures, the bureaucracy that inevitably accompanies regulation.

The author will describe the background of the organization, (2) illustrate how it was characterized by numerous "learning disabilities" (Senge, 1993, pp. 17-18) by the time the consultant arrived, and (3) show how Senge's Laws of the Fifth Discipline (pp. 57-58) kept the organization from escaping its plight. Next, he will explain how a process of organization development was used to engage all employees in the difficult process of learning how to learn.

BACKGROUND

This organization was located in the Pacific Northwest and was about 20 years old. For most of its short life, it had known only passivity and insulation in the management ranks. In the previous ten years, management had introduced a variety of change programs, each of which lost momentum as money and long-term leadership failed to materialize. These were consultant-centered projects with management taking the lead in giving lip service to consultant initiatives. Participative management was an inviting "buzz-phrase" to both managers and employee groups. There was very little effective management occurring; therefore, the question of participation was moot.

Tranzex had had two management audits done during the five years prior to this consultant's involvement. Both had said that internal communications and management needed to be fixed. The Board of Directors (the Board) had carefully noted the results of these audits and become aware that the deepest source of their worries lay in an executive team that was failing to provide leadership. Tranzex had plenty of slack resources. Unlike many sister organizations in the area, Tranzex could afford to spend money to begin turning itself around. Access to funds proved to be a two-edged sword. Again and again, management called-in consultants to make change. Each time the organization's cultural maw had swallowed-up the consultants and spit them out. Eventually, the members of the organization had little hope that anything would ever change. The Board itself had gotten into the habit of micromanaging to compensate for the mistakes of executive management. Over time, it became clear to the Board that something new was required to break the organizational impasse.

The new thing turned-out to be major changes in the organization's environment: Tranzex was part of a rapidly growing metropolitan region that was calling for more and diverse consumer offerings. What was once a sleepy county punctuated by a major interstate artery had become a bustling center for urban transportation. The prospect of regionalization and consolidation of services had emerged as a threat to the agency's autonomy. As demands for service exploded, the old executive team struggled to keep-up. At the same time, longer-term paralysis was deepening within the organizational system. The Board was forced to take drastic measures.

In summary, for this consultant, Tranzex was a prototype and challenge for managing change. It faced what many organizations steeped in the old ways have had to face: Lack of leadership, ineffective structures for teamwork, strained employee relations; management training disconnected from strategy, and communication walls between departments. Disrespect for authority was rampant, top-down. On the plus side, fortunately it was equally well –

endowed: A Board convinced of the need for radical change, a creative and committed work force that cared deeply about serving customers, and a fairly secure funding base.

LEARNING DISABILITIES

Tranzex had many of the learning disabilities (Senge, 1993, p. 17) that accompany traditional work systems:

1. Narrowly defined jobs and decision powers coupled with too much autonomy. The employees were always falling over each other in an attempt to get the job done with little supervision to help them find their way. (Counter intuitively, too little supervision is often worse than micro-management in a culture of executive indifference. A management and leadership vacuum existed which failed to link the operating core of the organization with broader strategic purposes.)
2. No meaningful feedback loops for learning (P. 170). The performance management system was outdated and irrelevant, a relic of and earlier area in industrial relations. Across the board, employees simply were not accountable for their performance, and people did not know where they stood. There was not meaningful dialogue or work-related conversation across levels or functions.
3. Throughout the organization there was lack of information flow. The top had effectively conditioned everyone else to stop asking questions. Years before, they had "buried their heads in the sand".
4. There were system barriers and delays (pp. 89-92) as typified by an incredibly long and unwieldy purchasing process with numerous non-value-added steps.
5. First-line supervision was unionized and seen as stubborn, rules-oriented, and authoritarian. They lacked mental models or personal visions (pp. 8-9) for being anything else. In the absence of changes to the larger organizational system, periodic management training had little impact.
6. A culture of self-protection and divisiveness had become part of the warp and woof of the organization.
7. Cooperation was modeled mostly in emergencies when the dysfunctional community members came together against an outside enemy.
8. Few work groups performed like teams, so most did not know what teamwork was supposed to look like. In the absence of appropriate models or team designs (Thompson, 2007), workers created what they knew and had previously experienced: Under-organized (Brown, 1989) interest groups who rarely supported the goals of the organization.
9. There had been a fair amount of problem-solving activity, but few solutions had been implemented.   As a result, there was a deep cynicism about the link between action and results. This is sometimes known as the "activity theory" [author's term] of organization effectiveness. Activity and passivity alternate but neither is tied to performance improvement or results.
10. Work groups were fragmented and dominated by difficult people (Bramson, 1981). Fortunately, there were small prototypes for teamwork in enclaves which existed throughout the organization. The people involved tended to cling to these centers of excellence and resist contamination by the larger culture and work system.
11. There were norms of management by committee alongside a culture of management abdication. The essence of the bargain was this: "We managers cannot or will not make

essential decisions, so you, our committees, are free to decide what we have never given you the power, authority, or resources to decide. You will pretend to do your work, and we will pretend to sanction your efforts. Everyone will be frustrated, but no one will talk about it openly or admit any personal accountability for the process and outcomes." In diagnostic assessments, the consultants found a proliferation of employee committees, offering the promise of employee involvement and never getting beyond brainstorming.

12. Conflict avoidance was the norm. There were supervisory and employee unions, but because there were plenty of resources to go around and pay was good, a culture of collusion had evolved. In layman's terms: "You scratch my back, and I'll scratch yours." There was too little conflict to generate a meaningful and constructive devil's advocate role for the unions. The organization lacked boundaries, nor did it have the structures, systems, and processes to constructively channel the "heat" of differences. People colluded in agreeing not to face very real differences and interests. Top management led the way.

13. In the absence of effective leadership, blaming and self-protection ran rampant.

To summarize, the system had been held in place by mutually reinforcing negative feedback loops, a rules-oriented compliance culture, and management rejection of facts and opinions which confronted the reality they had created. Also, they lacked a holistic framework for understanding the impact of structures, forces, and processes within the organizational system.

COUNTER-CULTURAL AND OTHER ASSETS

To provide grounds for hope, one needed to look beyond the learning disabilities to uncover countercultural values that contradicted the dominant management ideology. One might call these the values of both the "subversive real" and "ideal" organizations. Their presence pointed the way to a shared future of organizational integrity and excellence:

1. In spite of everything, there was a strong belief among many employees that Tranzex had the potential to be a leader in transportation.

2. Employees were highly educated and strong on customer service. They tended to personify the interest in the new and innovative which was characteristic of this part of the country.

3. Many employees had incipient personal visions ready to be tapped if only management had the will to do so.

4. A small cadre of employees was dedicated to personal mastery (Senge, 1993, pp. 7-8) for the higher purpose of making Tranzex a better place to work. Role models from the bottom; they were reinforced by elements of the informal system and sustained by their own sense of values and purpose.

5. Some union leaders and middle management had been counter-cultural. Their strategy was: "Continue to act until you get results; maintain your pleasantness and composure; be satisfied with small and infrequent wins to keep you going."

THE LAWS OF THE FIFTH DISCIPLINE

It is possible to extract further diagnostic insight from this difficult but fairly common situation by applying Senge's Laws of the Fifth Discipline (1993):

1. "Behavior grows better before it grows worse (p. 57)." Periodic infusions of consultant-led change activity gives false hope. Management acts as if they are doing something

significant; plans are made, action steps proffered, enthusiasm generated. This happens each time a new consultant is brought in (albeit on a curve of decreasing magnitude). We all want to believe that things can change for the better, and we frequently undermine our own best judgments that it just is not so!

2. "The easy way out usually leads back in (p. 58)." All previous change-related activities were short-lived and things returned to normal fairly quickly.

3. "The cure can be worse than the disease (p. 61)." Bringing in consultants became a bad habit that used-up organizational resources, staff commitment, and work hours. Managers never really acted on their recommendations, at least not in a timely way. As Senge notes, the organization becomes dependent on single-note, addictive solutions, which generate "one-size-fits-all" cognitive sets. Not only is this worse than doing nothing, the practice will actually speed the deterioration of the organization.

4. "Cause and effect are not closely related in time and space (p. 63)." There was a learned helplessness (Yen, 1998) phenomenon in operation here; an inability to see that structures, systems, and management practices were at the heart of the organization's problem. There was also a failure to appreciate the causes of the growing mismatch between external demands and the overall inability of the organization to respond.

5. "Small changes can produce big results--but the areas of highest leverage are least obvious (p. 63)." The answer, in this organization was not to introduce a series of programs with a lot of hoopla. These look like change but are not. As anyone who has achieved a surprising result may know, just pulling the right group of people together, with a clear focus, in a quiet, low-key way, will produce better outcomes.

6. "There is no blame (p. 67)." As long as there is blame, there tends not to be meaningful action and results. Under blame conditions, employees cannot and will not act in concert to accomplish goals or solve problems. The organization gets caught in its own trap. Everyone has a reason for not acting and the more we try to avoid getting blamed, the more we are likely to blame ourselves and others. As everyone knows from their own experience, blame contracts and constricts, responsibility and accountability expand and enliven!

ONE ORGANIZATION'S PATH BACK TO SANITY

Change finally came to this organization, and it did appear to have happened gradually. Years of non-responsive management finally combined with external stakeholder criticism, rapid growth of potential ridership, the cumulative impact of consultant studies, and Board weariness to bring Tranzex to the point of impasse. They simply had to act, finally, at a broad systems level with a systems understanding. No more piece-meal efforts to dislodge "the problem". It was time to move from vicious to virtuous circles (pp. 81-83). As any good student of change knows, no dysfunctional system bound-up in vicious circles can change itself, by itself, from within (Watzlawick, Weakland, and Fisch, 1974). In this case, the solutions were fairly straightforward, if not easy to implement. They all supported and required a primary change objective of learning how to learn! These steps represent what was actually accomplished at Tranzex. The auther presents them as recommendations based on successful implementation. He knows from experience that they work:

Recommendation 1. Replace the old senior managers with a new executive director and senior management team. Seed the organization with strong leadership and use an appropriate

outside consultant to help identify systemic leverage points for change which will be acted-upon in a sustained way.

Recommendation 2. Create a shared vision that is driven from the top and grounded in reality. (In other words, it is not just a "wish-list" but stands a good chance of being realized.) Avoid platitudes and promises that are devoid of meaning for stakeholder groups. Include members of all stakeholder groups to help shape it.

Recommendation 3. Build an integrated, sequenced plan for strategic change which flows directly from diagnostic analyses of the organization's current culture and management structure (Worley, Hitchens, & Ross, 1996). This plan should be developed and driven by the executive team, with full Board support.

Recommendation 4. Coach key executives in vision-derived behaviors and role modeling. Success will be determined by these new role models as they go about the day-to-day task of aligning the organization with a shared vision and strategic objectives. For a long time, they will be the primary "vision bearers" that everyone else will look to for confirmation that change is occurring.

Recommedation 5. Ensure that the Board and executive team agree on proposed changes and that the employee vision for change is given focus and voice.

Recommendation 6. Conceptualize and communicate change as an ongoing and never-ending process. Specific change programs and O. D. interventions end. The processes of organizational transformation, learning, and adaptation do not.

Recommendation 7. Move the implementation of this plan down, into, and across the organization by creating a series of prototype team learning situations.
- At Tranzex, the executive team, Board, and a diagonal slice of 15 people from across the organization created the first draft of the shared vision.
- A Maintenance Department task team developed standards and procedures for bus mechanics. The process of enacting the change, itself, created teamwork.
- A communications team chartered by management redesigned the operations department and implemented the new team-based design.

Recommendation 8. Educate everyone in the organization on the shared vision. Be open and truthful about the past. There is no point in hiding what everyone already knows. It will be refreshing to have stakeholders build a path to the future by standing on solid ground. Dysfunctional organizations, in one sense, are built upon lies and misperceptions; in another sense, they are lies and misperceptions. Expose the dysfunction, declare victory over it, and clean the organization up as you go forward.

Recommendation 9. Be honest about what it will take to really change the way business is done. It will take time, money, training, coaching, and leadership. It will take an executive team that leads the charge and sustains momentum over years. They will put their own values and behaviors on the line, explicitly. They will ask all stakeholder groups to do the same. Effective leadership will diffuse into all parts of the organization. The plan is to hold each other accountable.

Recommendation 10. Once you, the leaders, have established your credibility – by demonstrating, not just verbalizing that, "this time change is for real" – do not tolerate role models or behaviors that clearly express an allegiance to the old ways of management and organization. Many have felt Jack Welch's management policies at GE had a draconian flavor (Welch, 2005, pp. 37-51). Each year, the bottom 10% of managers, those who were clearly not performing in line with vision and strategy, were fired. Whether you agree with him or not, he

did a number of things right: As CEO, he created mission and strategy at the executive level, he had the rest of the organization help develop the vision and values they would live by, he provided his executives and managers with all the tools, training, and coaching they would need to change behavior, he gave them some time to develop; then he held them accountable. He supported performers, but did not coddle non-performers. He poured extensive resources into individual and organizational learning, and then said, "Show me that you have learned something that will make a significant contribution to this organization." That is what leadership, management, and organizational citizenship are all about.

PRINCIPLES OF EFFECTIVE CHANGE MANAGEMENT

It is tempting to get even more specific about all of the changes that were introduced into this organization. However, there were only a few basic principles that were leveraged, and these were the keys to our success in creating a learning organization:

1. They included fundamental, behaviorally focused coaching and team process skills training for executives, managers and supervisors. They implemented 360° feedback and development with key executives.
2. They incorporated critical leadership behaviors in the performance plans of all managers, trained them to competency in these behaviors, and held them accountable for results. The process started with the senior leadership team.
3. Management, not consultants, led the change effort. The executive team accepted employee skepticism and distrust and countered it with openness, a results-focus, and a refusal to be intimidated by failures or mistakes. (Surely this is at the heart of organizational learning.)
4. Tranzex focused on strengthening the basic integrity of leadership and management before looking to partner with the 3 unions in some sort of formal power-sharing agreement. The unions supported change, in principle, but in the beginning, were not ready to put their own integrity on the line. Years of working in collusion with previous leadership had created a cozy status quo. The union both did and did not want to rock the boat. No matter. Focused results, employee involvement in the shared vision process, and momentum generated by executive leadership eventually got the unions more interested. When a labor-management steering committee was finally formed, it was created on the basis of management results already achieved.
5. The consultant contracted and interacted with all levels of the organization. It was not overly-reliant on leveraging the power of the top.
6. Client organization commitment to a structured, multi-year change effort ensured that organizational learning would have time to diffuse throughout the system. After the first year, change momentum was powerful enough so that more people had to take a stand in relation to the change leaders and to the process and outcomes of change itself. Core systems, structures, and relationships had changed, and leadership had kept its promises. There were fewer and fewer places to hide.
7. Tranzex completed a restructuring of the management ranks to ensure that managers who had not been and were not pulling their weight would be held accountable. They were replaced, as necessary. Many of these terminations occurred during the first year of the change effort. This was unusual for their industry and sent the message to the rank and file that managers were at long last, expected to lead and manage. Not all change efforts require massive restructuring (reengineering), but change leaders must be willing to remove roadblocks and

non-performers. Otherwise, and in a very real sense, their goals for preservation of the status quo will triumph over your goals for fundamental change.

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