

Beginnings, Middles and Ends

A Systematic Approach to Organizational Transformation

By Bob Prieto

Some years ago I had a very bright Australian colleague, Sally, helping with a transformational program. During that effort she accomplished all that I could have asked, and more, and in the process educated me a bit about the notion of *beginnings, middles* and *ends*.

This paper in no way captures what she taught me at the time but I remain struck by the notional idea that many organizational programs suffer from failing to recognize that the nature of the transformational program and therefore the tools and techniques used, must in themselves “transform” throughout the course of the program.

The *beginnings, middles* and *ends* of an organizational transformation program strike me today as involving three distinct phases:

- Defining the imperative
- Unlocking the current paradigm
- Re-forming to achieve desired outcomes

I will touch on each drawing on experiences leading, supporting and coaching from the sidelines and perhaps begin with a crucial point. **It is important for each player to understand their role**, much in the way that Sally “coached from the sideline”, but had her effect felt throughout the firm.

Defining the Imperative

The beginning of any organizational transformation program starts with the creation or assumption of an “imperative” or in the extreme an “existential event” such as a major financial or legal event. The imperative may often be described as “vision” or “burning platform” or other such euphemisms.

At this stage, independent of the initiating imperative, there are a few key considerations that are essential for a good beginning.

First, the **imperative itself must be clearly articulated** - no fuzzy words, no ambiguity, no corporate doublespeak, no pabulum. Importantly, it must be articulated by the responsible individual. To the extent that this is the CEO, board level support must be evident but not be seen as usurping the authority of the CEO. Board level support can include select engagement,

consistent oversight and challenge and due recognition of progress. If the organizational transformation is at a lower level in the organization superior and peer elements must be seen to be supportive even if they themselves are not directly impacted. I tend to group these various articulation and supporting efforts into a category of actions I refer to as building the round hole. Much effort will go into defining the round peg but often too little into building the round hole into which we want it to snugly fit.

Second, with imperative in hand, I will default to my program management mindset and talk about SBOs. In my program management writings I have referred to SBOs as strategic business objectives but in an organizational transformation context I believe SBOs should be re-termed as strategic business *outcomes* since the ability to explicitly define the end state of an organizational transformation effort as achievement of a defined set of objectives is too narrow a view from my experience. With SBO now defined as Strategic Business Outcome, it is important that these **outcomes be defined in the clearest and simplest of terms**, much like the imperative statement described above. Many organizational transformation efforts fail at this stage because the desired outcomes are:

- Defined too narrowly as a set of fixed objectives which do not get to the essence of addressing the imperative
- Diluted by trying to accomplish too many outcomes at the same time as opposed to more clearly defining the deeper more encompassing outcome we *really* want.
- Not clearly articulated, agreed to, aligned around and communicated – continuously.
- Lacking outcomes based metrics that not only indicate when success has been achieved but importantly afford us the ability to ascertain progress.

Even worse is when SBOs are confused with strategies and tactics which all too often are confused with desired outcomes. I remain reminded of an interview with a client COO where I asked him to describe the program's SBOs. His response was "that he kinda knew what they were but wasn't sure how to describe them". I waited a bit, made a note and went on to the next question where he interrupted me and said, "Wait a minute, I'm supposed to know the answer to that last question". He was, and the principle transformation challenge that program faced at that time was lack of understanding and alignment around SBOs. To his credit, he then led a successful organizational transformation effort, starting with clearly defined SBOs, active alignment and continuous communication.

The third consideration in "*beginnings*" is recognition that **we are dealing with culture change at many levels and in many dimensions**. This is true, independent of the nature of the organizational transformation program, and often is not recognized until the middle phase when "resistance" is encountered. Cultural change recognition must begin in earnest at this stage,

while its companions of strategic and tactical change happen in later phases of the organizational transformation process. A key ingredient in successfully dealing with cultural change is understanding the current “condition” of the company’s culture. Organizational transformation programs must be well founded and perceptions are often the weak underpinning of many transformation programs. The importance of a thorough understanding of current condition is sufficiently significant that it could be called out separately as a fourth consideration.

Some cultural aspects worth testing include:

- Preferred communication styles associated with effective communication
- Credibility of different management actions
- Preferred information styles
- Perceived organizational strengths, weaknesses and external threats and opportunities
- Cross cultural issues that are prevalent
- Cross generational issues
- Perceived risk culture
- Credibility and assessment of prior change programs (flavor of the month concerns)
- Personal sense of security
- Perception of the importance of the articulated imperatives and desired outcomes

Other cultural aspects will be present depending on the organization, nature of the imperative and desired outcomes, adopted strategies and importantly, sense of time. Organizations, like people, often have their own tempo which must be factored into an organizational transformation effort and in all likelihood accelerated.

Recapping, *beginnings* require:

- Clearly defined and aligned roles by all key players, including importantly, clear, unambiguous sponsorship
- An imperative that has been clearly articulated, aligned around and continuously communicated
- Outcomes defined in the simplest and clearest of terms with relevant and meaningful metrics
- A clear understanding of the current state of the organization that is fact based and not perception based
- A deep understanding of the culture state of the organization and current cultural perceptions and preferences versus assumed views of what they may be.

Unlocking the Current Paradigm

In many organizational transformation programs efforts would now transition to the strategy stage. But experience suggests that a key initial step in what others may refer to as the strategy stage is to undertake a planned and deliberate effort to “unlock the current paradigm”.

Organizations are replete with “anchors” that will seek to retain the status quo and if nothing else limit the rate of change. The chains that bind these anchors to the organization must be deliberately cut if real, meaningful change is to happen.

There are many ways to organize the types of chains that must be cut but let me suggest as a starting point:

- People
- Process
- Technology, or more broadly tools

I will explore each of these in a second but in addressing each of these our intent is simple:

- We are seeking to remove impediments and constraints to change, and
- Create the freedom of action necessary to achieve the transformation necessary to deliver the strategic business outcomes that have been defined.

In doing so we are not prescribing a final form or even a preferred path. The later will come as we move through this middle phase but our focus must be on unlocking the current paradigm. For me this is the equivalent of “building the hole”, through thoughtful articulation of the driving imperative, that I described in *beginnings*.

People

Organizational transformation is fundamentally a people process although it is seldom adequately perceived in those terms. People’s roles will change. The way they apply their skills will change. Who they will interact with and who and how they report will change.

Meaningful organizational transformation is not just about people doing new things but also about new ways of doing (the processes) and new tools.

During the *beginnings* stage of organizational transformation we undertook an assessment of the current state of the enterprise. That assessment may have provided insights into organizational allegiances or silos that will have a delaying or blocking effects. Similarly there may be institutional frameworks that are perceived as barriers to change. A couple of illustrative examples are worth highlighting:

- **Non role required titles** – in many organizations there may be a sense of entitlement that comes with titles that are not required for the job at hand. Titles, such as officerships, may be required for market facing and legal reasons. When initially awarded they were relevant but as individuals moved into new roles “defrocking” was difficult and generally avoided. Over time the entire situation was out of control with growing internal pressures to award more, non required titles for parity. Having witnessed this situation at an earlier point in my career, I was impressed with the then chairman’s solution. All officerships were annual appointments and each year some were not reappointed since their role changed. Retiring in place with the luxury of a title was no longer assured. That first appointment of annual officerships was a difficult year but the notion of responsibility and authority being directly linked was reinforced. Over the years I have seen other similar titles associated with bonus eligibility, prerequisites such as car allowance and management team designations similarly eliminated as part of a transformation process. While there may be examples of unintended consequences these were far outweighed by the message sent to the organization. This message is simple, we are changing and it affects all of us, not just you.
- **Reassignment or removal of blockers** – any organization may include very smart people with ideas that do not fully address the imperatives that have been defined or even outright oppose the change direction (new outcomes) desired. In one organizational transformation early in my career, a senior individual, a partner from the days when the company was still a partnership, represented a change blocker. He had a strong following and arguably was the smartest individual in the firm. In this instance he was moved into a new role in an area of recognized weakness where he excelled and experienced an outstanding career which was rejuvenated by the change. In other transformation efforts I have witnessed a paternalistic approach will not work and removal of the blocker is necessary. In one client side transformation effort, the individual leading the day to day program portrayed all the right behaviors but when the program was found to be underperforming at a later stage his failure to make the tough decisions was brought to light.

Other people related anchors to be cognizant of include:

- Those who are threatened by any success of a new way of operating and how that success will affect their ability to return to doing things the old way after the program is done.
- Those who tend to stay connected to their former chain of command and although they are in a new position, try to keep the old hierarchy in control.
- Those who view what is happening in their cultural (country or business) frame of reference or paradigm and react accordingly.

Processes

Organizations are creatures of habit and in many ways organizational transformation is about changing the habits the organization is driven by each and every day. These habits can best be summed up as encompassing the various formal and informal processes that guide the company's activities each and every day. Some of these are evident and a core part of the company's culture, such as the importance placed on safety or engineering excellence. Most are omnipresent, pervasive and nearly invisible but, when challenged, evoke a respite from their users of "we have always done it this way".

People and technology in many ways are easier to change than processes because processes seldom exist in isolation and over time have become quietly interconnected wherever they have been allowed to. **We have created a web of practices and processes that are mutually necessitating but collectively resistant to the changes we will likely have to make to achieve the strategic business outcomes we desire.**

This is the principal area for sound strategy development from my experience. We need a strategy element that at once:

- Links clearly to the imperatives and outcomes we have articulated with particular emphasis on forces from outside the firm. (Clients require us to deliver "A", so our work processes have to support "B", where the linkage between "A" and "B" can be clearly seen.)
- Necessitates all (or as near to all as we can get) work processes to change simultaneously with a concomitant set of needs that include:
 - Changed inputs (nature, types, sources, timing)
 - Changed scope (more but hopefully less)
 - Changed relationships (with a goal of simpler and fewer)
 - Changed sequence and timing
 - Changed responsibilities, accountability, people to be consulted or informed (changed RACI chart)
 - Changed deliverables (intermediate and final) – after all we are looking for changed outcomes at the end of the day
- Becomes a rallying point for the changes we are seeking (even if only in part)
- Conveys a sense of engagement and change broadly within the organization

Other traditional objectives of organizational change programs to reduce cost, shorten cycle time and improve productivity all hinge on changed processes and are best incorporated as progress metrics with the broader strategy driver remaining dominant and easier for the organization as a whole to embrace.

Process transformation drivers (anchor chain cutters) can come from external market shifts such as:

- Reimbursable to lump sum
- Design bid build to design build
- Outcome based contracts versus output or input based contracts
- General market acceleration, itself driven by some larger imperative

Process transformation drivers can also come from internally derived shifts such as:

- Management transitions – planned and unplanned
- Ownership transitions (partnership to small private company to large private company to public company).
- Major financial loss
- Adverse or new regulatory or legal findings or requirements. Examples I have witnessed include:
 - New regulatory requirements such as Sarbanes-Oxley
 - Loss of a major arbitration
 - Corruption charges with merit

Technology & Tools

For many engineers, the tool of the trade was the slide rule....until it wasn't. Technological change, the introduction of new tools, both hard and soft, is a disruptive event. History is littered with organizations that were either slow or, worse, unable to transform themselves when faced with new technology and tools.

Just as select individuals, people related anchors such as titles, and a highly woven mesh of daily processes all represent anchor chains to be cut, so it is with technology. Of the three categories where unlocking the current paradigm is essential, technology may be the one which is often the driver for such organizational transformations. But this is not always the case and it is essential to recognize that as we seek to unlock processes in order to re-form them to support the changed outcomes we desire, many of those processes exist solely to support existing technology. Any true unlocking of current work processes must be open to the need to similarly modify how the various tools available to the organization are applied and in some instances change them out also.

We have now looked at some of the ways we can unlock the current paradigm. These have included:

- Elimination of non required titles or other non supportive organizational vestiges
- Reassignment or removal of blockers
- Fundamentally changing the daily process drivers
- Changing technology to facilitate deep process change

Now it is time for the primary sponsor to lead from the front, assemble his team with well defined roles and develop and clearly articulate the deployment strategy to be implemented.

Many of the elements of required leadership were put into place in the *beginnings* phase. With a deployment strategy in sight and importantly a clear focus on unlocking the current paradigm, a “broadening” team is initially assembled. I have chosen the word “broadening” carefully since the organizational transformation process is:

- Evolutionary not revolutionary (although with a time frame not measured in eons)
- A journey not just a destination
- Engaging, seeking to ideally touch every member of the organization.

I believe some added thoughts are required on the deployment team (broadening as it will be). The challenge is not just to assemble the team and put in place its roles and responsibilities but importantly to engage it emotionally. Remember, at its core, organizational transformation is a people process and people are as much (if not more) creatures of emotion as they are rational and logical.

Engage the Team Emotionally

I first wrote about the need to engage the team emotionally in early 2008. At that time I was pleasantly surprised by the number of client and industry program managers who commented on its importance. But this was not the first time this emotional engagement was recognized by me as important. That goes back to Sally, the Australian transformation coach I had engaged who highlighted not only its importance but helped put in place a process to take the team through a set of exercises to:

- draw out issues related to resistance to change and transitions
- identify cultural perceptions and other similar emotive issues that will help draw out and work through these deeper seated threats to program success.

The engagement process I experienced used a range of frameworks to:

- identify issues
- increase awareness

about the importance of emotion and values in leading change.

Many models exist for these processes and what is described below is intended to be illustrative. At different times I have used one or more of these models in organizational transformation processes or recommended them to clients seeking more programmatic type changes.

- **The “Bridges” model** - Focuses on the emotional and psychological component of leading change. It emphasizes the need to mark out clear ‘endings’ and to be alert to the apprehension that arises in the transition between endings to new *beginnings* and the importance of stepping through each distinct phase of transition. In many ways the overall transformation model described here is very much akin to Bridges model. I used this process over an extended period of shifting an engineering culture to a more client centric and market driven one.
- **Cross-Cultural models** - Focuses on the differences in cultural mindsets that shape perspective, leadership style, approach to risk, decision-making, thought and language patterns. The aim is to increase awareness to how the different members of the team gather information, use time, respond to different types of leadership, make decisions, communicate, listen, engage and use non-verbal behavior. I have this effective in multi-cultural settings but also in a multi-generational change setting where we sought to devolve responsibility and authority to the next generation on an accelerated basis while addressing the different generational mindsets.
- **Leadership Values Grid** - Focuses on mapping the underpinning group dynamics and working relationships. It draws together ‘what matters’ to each individual on the team and combines this into a solid relationship foundation based on values. I have found a version of this approach to be effective in dealing with a dysfunctional joint venture.

One of the outcomes of these processes is identification of “change agents”. The term "change agents" refers to people in the organization who can be counted on to champion the change to their departments and peers. They serve as the liaisons between the organization and the organizational transformation team.

As part of the “broadening” process touched on above, it is recommended that people asked to be change agents are those:

- who are influential among their peers
- whose opinion is respected
- who are good at communicating

These are not necessarily the organizationally most senior or with the longest tenure.

In large, longer-term organizational transformation efforts, change agents play a critical role in many phases. The responsibilities of their role should be well thought out and communicated to them in advance. They might be asked to assess aspects of the planned transformation before it is rolled out to give feedback. They will probably play a key part in the communications plan. It is important to get the buy-in of these individuals; their opinion counts!

Change agents need some degree of training to fully understand their role in the transformation process, so they can have positive impact. A workshop and ongoing coaching on a regularly basis (i.e. monthly) can be very useful for providing support and “up-skilling” key talent to tackle current challenges.

We have now completed the *middles*. I have not dwelled on strategy development and selection here except with respect to the essential dimension of unlocking the current paradigm. *Middles* included:

- cutting organizational anchor chains related to people, processes and technology
- identifying a key strategy lever to drive systemic process change
- leadership by the project sponsor
- recognition that the transformation process was a “broadening” one
- identification and preparation of change agents
- engaging this “broadening” team emotionally

All too often *middles* are ignored in favor of the “*ends*” described in the next section.

Re-forming to Achieve Desired Outcomes

In *beginnings* we defined an imperative. In *middles* we unlocked the current paradigm. The pieces are now able to move. Some will change. Some will be taken off the board and likely new pieces will be introduced. *Ends* are about re-forming the various elements of the organization in order to achieve the strategic business outcomes we defined at the *beginnings* stage.

We are now ready to get on with the all important tactical elements of the organizational transformation process. We now translate the strategies we developed in *middles* into a detailed organizational transformation work plan. For each element we prepare the required supporting business case. Execution adopts a programmatic approach recognizing that the various elements of transformation are co-dependent to achieve the desired outcomes.

I will not spend time discussing tactical plan development since like strategy development much has been written elsewhere. I will make two key points that differentiate organizational transformation programs from other programs:

- a robust resistance management plan is essential
- organizational transition efforts must be integrated with ongoing business activities. The world does not stop moving while transition is being implemented

Let's look at each of these aspects in a little more depth.

Resistance Management

The initiation of an organizational transformation effort will surface issues and challenges. A small percentage of people will resolutely resist the changes themselves. Left unchecked and unresolved, even for a short time, these quickly result in declining productivity and slowing of progress toward the strategic business outcomes we seek.

Within the organizational transformation framework, and starting at the leadership level, resistance management plans and strategies must be developed and implemented to address these concerns. These plans should be initiated in the *middles* phase but finalized early in the *ends* phase.

Training for resistance identification and mitigation should be provided to leaders, supervisors, change agents and other stakeholders. Skills such as:

- dealing with difficult people
- winning negotiations
- coaching
- empathy

all have a role in addressing resistance issues.

Feedback and reinforcement mechanisms, both positive and correctional in nature, also need to be created. Resistance to necessary change can be expected but not tolerated for any length of time-- it must be dealt with professionally, proactively, and firmly at all levels.

Integration with Ongoing Efforts

The final organizational transition plan developed and implemented in this *ends* phase must be integrated with ongoing corporate activities and cycles. To the extent possible these activities must gain traction by shaping ongoing processes which at the same time seeking to re-form them around a new paradigm supportive of the strategic business outcomes established in *beginnings*.

Normal corporate planning cycles should be shaped augmented and extended as necessary so that:

- duplication is avoided
- resistance is surfaced
- early benefits accrue

Corporate reviews on monthly, quarterly or other periodic basis should be modified to make organizational transformation a centerpiece of the reviews and current activities not supportive of the desired end state aggressively challenged.

New metrics will likely be required but the challenge of existing metrics that perpetuate current outcomes can also be brought under increased scrutiny.

An organizational transformation effort cannot be sustained in a non-supportive environment. The various systems of the organization need to be in sync, all working towards the same vision regarding the transformation. A key focus area should be around legal, risk and contracting organizations which have been known to play “gotchu” at a late stage in the transformation process.

New Beginnings...

Organizational transformation is often viewed as a periodic often generational process. Done right organizational transformation is an ongoing activity and transformation becomes a key organizational skill. That was something that Sally, my Australian colleague, taught me well.

Large organizations are often challenged by a multiplicity of business strategies without any unifying themes. But effective organizations, that have the capacity to continually reinvent themselves, have continuous transformation as a core capability.

This transformative ability can take many forms ranging from:

- strongly market driven
- focused on continuous process improvement
- innovation and differentiation driven
- short technology advantage driven
- highly disruptive industry leadership

Essential to any highly transformative company is:

- engaged leadership
- passion for excellence (with due credit to Tom Peters)
- client and market centric focus
- culture of continuous improvement

- willingness to innovate and fail
- continuous capture of lessons learned
- a strong desire to be a leader

Organizational transformation is a journey and the strategic outcomes we desire today can be further refined and improved upon in the future. The changing world we live in may negate the benefits that a successful organizational transformation program creates but that should only give us the confidence to begin yet again.

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