

# Organizational Development

Part organizational psychology and part business administration, OD helps work organizations develop effective leadership.

BY MYRON BEARD, PH.D.

**O**rganizational development has a distinction that separates it from other workplace consultants, such as those specializing in TQM, outplacement and training. OD works with fewer people to make major changes, while other consultants usually work with larger numbers of people who individually make small changes.

This is significant because, as the values and practices of business are changing due to factors such as international competition, work-force diversity and flattened managements, the characteristics of leadership are changing, too. Leaders today need to be consensus-oriented, but decisive. They need to be more demanding, but supportive. They also need to have some accountability, not be simply a delegator who can easily deflect blame.

## A CASE STUDY

The discipline of OD is often misunderstood and poorly articulated. Perhaps the best way of initiating a discussion of OD is by case study.

A floundering manufacturing group that had at one point been highly profitable decided to shake up its executive ranks by hiring a new president. This individual had worked in a different capacity for the company for several years, but had lost his objectivity with regard to critical personnel and how well they performed as decision makers. An additional issue was the faltering work of his vice president of finance, who seemed to function adequately under the prior administration.

Within six months of the president's

hire, matters got worse. He previously articulated a goal that by reducing inefficiency, he would raise the company's profitability by 20%; instead it had increased only 5%. He promised to make cuts in the management ranks to reduce costs, but some of these personnel decisions were inappropriate. Thus, many of his best performers left. In the final analysis, the gist of the problem was the president underestimated the complexity of his job.

My objectives upon visiting the company were threefold: (1) to revise the vice presidents' thinking about themselves to further their own development; (2) to help promote and further the organizational objectives as stated by the president; and (3) to understand current organizational themes in order to assist the president in his ongoing refinement of his leadership and direction of the company.

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As I met with each of the executives, it became clear that some of them had taken the gauntlet and moved ahead with their own development and promotion of organizational goals, while others had not. By the end of the second day I determined that the president had been modestly effective in making some of the cultural changes that he had, with great enthusiasm, promised six months earlier. They included: (1) greater participation on all levels of the organization to make decisions and take responsibility; (2) greater emphasis on product quality and customer service; (3) increased efficiency in production with a greater sense of urgency and more on-time delivery; and (4) better utilization of fewer resources. His own lack of awareness of the degree to which the organization had changed was itself a problem that needed to be addressed.

Following individual conversations with the six senior executives, I met for a briefing with the president. I related the themes that had emerged in those conversations, being careful not to reveal specific sources. As is often the case, the president was pleased at the gains made and the increasing cohesiveness of the group, but dismayed that some of the changes had not taken hold. The additional issue of the failing vice president of finance was discussed at length.

As a result of the consultation, the president developed a plan to better manage those under him and hold them accountable for their decisions, move successfully to implement the cultural changes he wanted, and deal immediately with the vice president of finance.

The following are goals typically set by organizational development specialists on behalf of work organizations. They were identified by the author, Dr. Myron Beard.

- Effecting organizational change by working with the senior leadership of an organization.
- Developing executives by provoking growth and "raising the bar" for each individual.
- Promoting the business-related

themes as set forth by the organizational leader.

- Collecting data on the status of cultural changes and what the organizational leader is trying to implement.
- Providing feedback to the organizational leader about his or her own effectiveness and the effectiveness of the group.
- Working to diagnose problems and find solutions for a faltering executive.

## OD, THEN AND NOW

It is the general consensus of OD consultants that the work having the most impact is done at the senior levels in a manner that promotes individual development for the purpose of accomplishing organizational goals (see box). This has not always been the focus of OD, though. The discipline began in the early 1920s with studies in manufacturing plants to understand the relationship between work environments and productivity. It was concerned with time-motion practices and technical-efficiency programs, which are measured by statistical analyses of behavioral observations and paper-and-pencil surveys, and often performed by engineers. Establishing environmental changes to employee morale and productivity was always a primary focus.

In the past two decades, however, the focus of OD has broadened dramatically. Whether the consultant is internal or external, the focus has shifted to accomplishing organizational objectives through working with and developing senior personnel. This is where the greatest impact is likely to take place. Often, there are no studies or sophisticated statistical analyses performed, since they are generally irrelevant in the pursuit of accomplishing organizational goals. It should be mentioned that the qualifications for this task usually include one or more advanced degrees in industrial/organizational psychology.

## FOCI OF OD WORK

The following are some of the hands-on activities that OD consultants provide at senior levels.

• **Building effective teams.** Recognizing that organizational productivity is diminished by lack of coordination among groups and that creativity can be stifled by lack of communication or miscommunication, the OD consultant often works with new, stag-

nated or floundering groups to develop a sense of cohesiveness. This kind of consultation is particularly critical to increasing performance.

While the team may be worked with as a group, each individual is typically interviewed to get a sense of the challenges facing the team. The themes are then fed back to the team in a way that promotes a sense of focus on issues in a non-threatening manner. This leads to a greater sense of cohesiveness and unifies the team's efforts around accomplishing major goals.

In assessing an individual's effectiveness as a team member and leader, standardized inventories (such as the Myers-Briggs test) are typically not used by RHR because it is felt they do not capture the subtleties and nuances that lead to job success or failure at senior levels. For instance, they may indicate a person's introversion or extroversion, but not reveal that s/he loses credibility during public speaking engagements because of a stubborn or abrasive personality streak. A personal interview will generally show this and other intangible, but critical, traits associated with leadership effectiveness. From the interview data, a psychological effectiveness report is prepared, the goal of which is to effect improvements in behavior and thus performance.

• **Promoting from within.** Increasingly, as organizations flatten out, the need for individuals to have a wider span of control and more in-depth knowledge of the organization is important. It requires a great capacity for work and a high learning curve. Organizations today have less time and leaner margins of error. OD consult-

ants review the individuals who are candidates for internal promotions in order to provide critical but subtle information about individuals best suited for the task at hand.

• **Reorganizing through managing change.** Change in a structure often creates uncertainty leading to miscommunication, conflict and poor morale, leading to confusion about the long-term mission and purpose of the organization. Further, individuals may be assigned to responsibilities for which they are unsuited or unskilled. By focusing attention on the company's strategic goals, the OD consultant can begin working with individuals to formulate a management-competency template—which measures key organizational and leadership characteristics that are consistent with the organization's culture—as well as leadership models to support organizational goals. In so doing, people and functions are matched better and resources used more effectively toward new and strategic goals. The consultant needs to do this while minimizing down time.

• **Selecting outside talent.** The old issue of "fit" comes sharply into focus when looking outside the organization to fill senior positions. The OD consultant evaluates external candidates against the organization's culture, history and purpose. Through ongoing consultation, the OD consultant can then assist with the integration of the individual into the organization.

• **Managing the faltering executive.** Executives, for personal or professional reasons, may show signs of poor performance, which can be very costly to the individual and the com-

pany. Often, progress gets distracted by petty side issues. As EAP professionals know, the cost of termination, replacement and training can be prohibitive, so it often makes more sense to work with the faltering executive. Interventions may be tailored to the individual and ongoing consultation provided. In some cases, referrals are made to external sources. Additionally, an ongoing program of personal development may be created for high-potential people who are in a position for which they are ill-prepared. This is most often the case with outside hires.

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## OD AND EAP

OD and EAP professionals both deal in the psychological realm, the former with a heavy organizational focus, the latter with an individual, "client" focus. The value-added component of OD work is in improving *business* outcomes; that is, reporting significant themes to management that lead to organizational change while maintaining client confidentiality. A nexus between the EAP and OD professional, it should be mentioned, is natural. Because the OD professional also has

an obligation to maintain the confidentiality of individuals, there is an additional buffer separating the problems of individual clients from management.

- **Dysfunctional teams.** It often happens that in the process of team building, teams are dysfunctional because of the pathology of certain members. Often EAP professionals, with their clinical acumen, can more intensively work on individual issues of team members.

- **Organizational change fallout.** Here, the flow of information between OD and EAP professional reverses course. In the midst of organizational change, individuals may either anticipate or actually experience termination, demotion or a narrowing of their responsibilities. EAPs, given adequate forewarning from management, can minimize the anxiety and pain of individuals and help to maintain organizational morale.

- **Increasing performance residual.** A new boss may be more demanding and require more of his or her people than the predecessor, leading to anger, frustration and anxiety among employees. In these situations, negative feelings can be ameliorated and redirected positively in a clinical setting much more effectively than an organizational setting.

- **Faltering executive issues.** Executives who begin to falter, lose impact or plateau with an organization because of personal issues may be referred to the EAP. The confidential setting of a private professional's office enables an executive, who feels "cornered" and untrusting of other managers, to open up.

With this in mind, EAPs that promote their services beyond drug and alcohol concerns will be viewed as more competent to influence core business outcomes. EAPs should educate senior management about their spectrum of issues in order to be accepted as a mainstream function. Because OD professionals are situated among, or report to, the senior levels of the company, it will create more opportunities for OD and EAP professionals to work on joint or complementary problems. 