

Organization Development and Change in 21st Century
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Lecture - 13
Organization Level OD Interventions



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Organizational Level OD Interventions

Suggest or speculate the appropriate OD interventions in the following cases/situations:

- A mid size manufacturing company is facing strategic challenge because of operational inefficiencies like unnecessary delay in production and administrative decisions. The combined effect of these seemingly minor lapses make significant negative difference to the profitability of the company. The culture of the organization is congenial and the leadership is democratic in nature.

- A large pharmaceutical company operating in India is realizing that the patent of many of its molecules expired recently and for the some molecules it is going to expire in near future. There are many small companies with their agility are able to make dent in its market share. Second, the industry is witnessing innovation in not only the molecules but also in other processes like drug delivery, insurance facility with very expensive drugs and so on. The growing realization in the organization is that to retain the leadership it has to encourage and nurture the innovations in all the functions and levels of the organization.



Today in this session we are going to discuss some real-life situations and will have some reflections on, what might be the useful intervention, in those situations. So, first case is about a mid-size manufacturing company.

It is facing a strategic challenge because of the operational inefficiencies like unnecessarily delay in the production and administration decisions. The combined effect of these seemingly minor lapses makes significant negative difference to the profitability of the company. The culture of the organization is genuine, and leadership is democratic in nature.

So, you can see that it is a company which has just facing a strategic challenge because of the changing market dynamics and because of that, they are having unnecessarily delay in the production and administrative decisions.

What might be the appropriate intervention in this situation? There are no major fights amongst the specific two departments and there is a major strategic challenge because of

which they had to change their production schedule and the product design and that has resulted in administrative delay as well as the production delay.

In this process, there are some major lapses as well minor lapses, but they are causing significant impact on the profitability. We know that most of the manufacturing companies are facing the cost related challenges. So, even minor increase in cost has a very major impact on the profitability. So, what kind of intervention do you think is appropriate in this situation?

Another situation is about a large pharmaceutical company. This company is multinational, its India arm is also very big. It is realizing that the patent of many of its molecules expired recently and for some molecules it is going to expire in near future. Many small companies with their agility are able to make dent in its market share. Second, industry is witnessing innovation in not only the molecular research, but also in other processes like drug delivery, and insurance facility.



The organization realizes that to retain the market leadership, they have to be more innovative and innovation should become part of the culture. So, it is not only about innovation in the products or identifying new molecules, but in other processes, in the internal processes as well as external processes innovation is required.

So, one thing is sure that in this situation, innovation has to be the focus of intervention. Innovation cannot happen in a very autocratic management system. The power has to be decentralized to promote more innovation in the products as well as the processes.

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Suggest or speculate the appropriate OD interventions in the following cases/situations:

- The heads of the Quality and production departments of a capsule cover manufacturing plant are at the logger heads almost always. The acrimony between them has even percolated down among the employees of their departments. No department leave any chance of putting down another one in joint meetings of the plant and one to one review meetings with the plant head.
- In a welding electrode manufacturing plant the production demand has increased drastically in last six months. The plant is operating non stop in three shifts. In last two months the customer complaints have increased. The conflicts between the Shift Incharges, Finance and operations, Security and production have also increased. The culture of the has been positive before but smaller conflicts arising among different departments due to changing work demands are making the management and employees concerned.



Another situation: the head of the quality and production department of capsule cover manufacturing plant are at the logger heads, almost always. The acrimony between them has even percolated down amongst the employees of their departments.

No department leaves any chance of putting down another one in joint meetings and in review meetings with the plant head. So, some strategic orientation has to be given so that they can look at their goals as the means to achieve organizational goals and conflict resolution. Conflict is also important component that would be important component in this intervention.

Our fourth example is, a welding electrode manufacturing plant, where the production demand has increased drastically in last 6 months. The plant is operating non-stop in three shifts. In last 2 months, the customers' complaints have increased. The conflicts between the shift in charge, finance and operations security and production have also increased. The culture of the plant has been positive before, but small conflicts arising among different departments due to changing work demands are making the management and employees concerned.

So, this situation is different from the previous situation. In the previous situation, there were minor lapses and major strategic challenge was to resolve them. Here, it is a strategic challenge in terms of the demands, here it is more like opportunity not a challenge at the strategic level as they have to increase their manufacturing output. But

here we can see that different departments are also having conflict. Here the issue is not minor lapses. By making the employees relaxed, will the organizational issues be solved? May be to some extent and most likely indirectly. So, we really do not know by relaxing employees which issues can be resolved and what all cannot be resolved.

We look at some of the concepts in the today's session and towards the end of the session, we will revisit these cases and these are the real life cases where I have had opportunity to be involved and I will share what were the exact actual intervention implemented after proper diagnosis and discussion with the different stakeholders was done.

But what is common across all four examples? For example, is this a group level thing? The second one a large pharmaceutical company operating of course, but it is only group or even greater than group.

Student: Organizational level.

These are all organizational level interventions means full organization is involved. So, today we are going to look at organizational process approaches.

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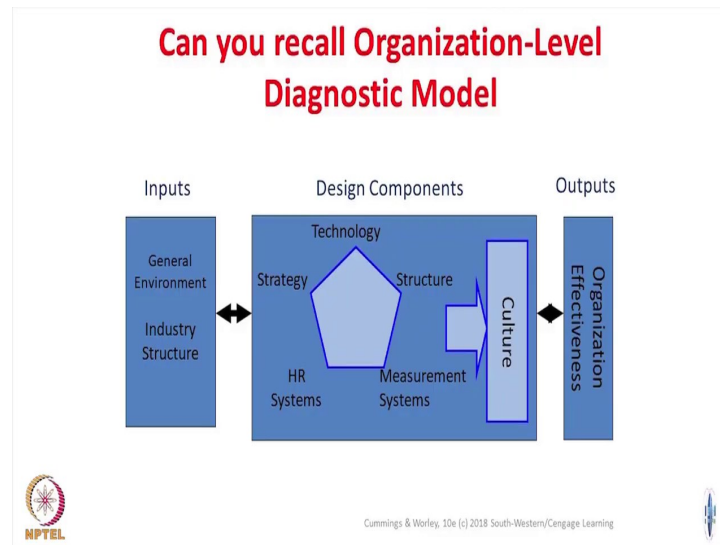


Organization Process Approaches of OD

In this session we will discuss system wide process interventions.

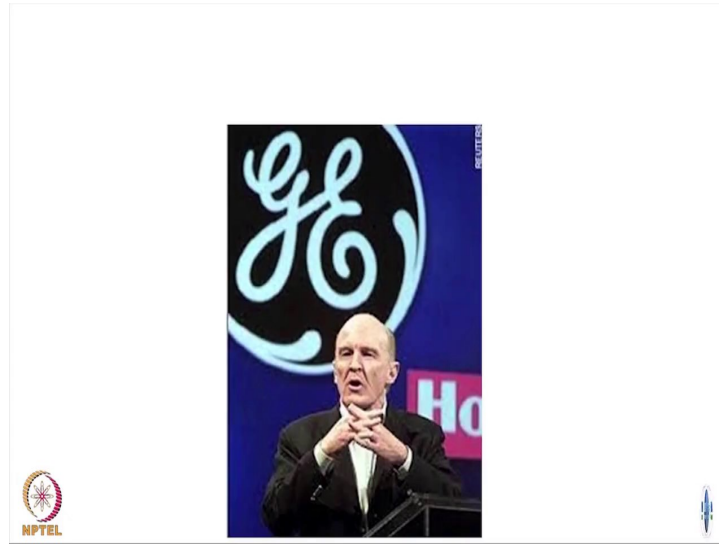
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We will discuss the system wide process interventions and if you remember our diagnostic model of the organization, it has these components – the organization diagnostic model has input, design, and output like any other diagnostic model we studied. In the design component, we look at the technology, strategy, structure, HR system and measurement system that leads to a certain type of culture.

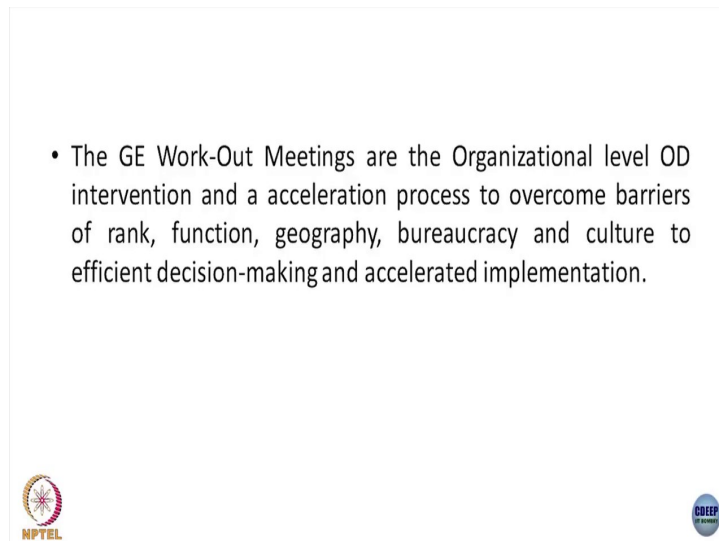
Input to the organization are coming from the industrial environment and general environment. So, I would like you all to keep this diagnostic model in view while we are talking about some interventions which are possibly introduced at the organizational level and towards the end, we will connect these interventions to the situations we started this discussion.

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I am sure most of you must be aware of this personality and this company. This company logo is of General Electric and the personality is none other than Jack Welch. One of the most admired CEO of 20th century and also controversial in certain sense. How it is related to organizational level intervention in this example.

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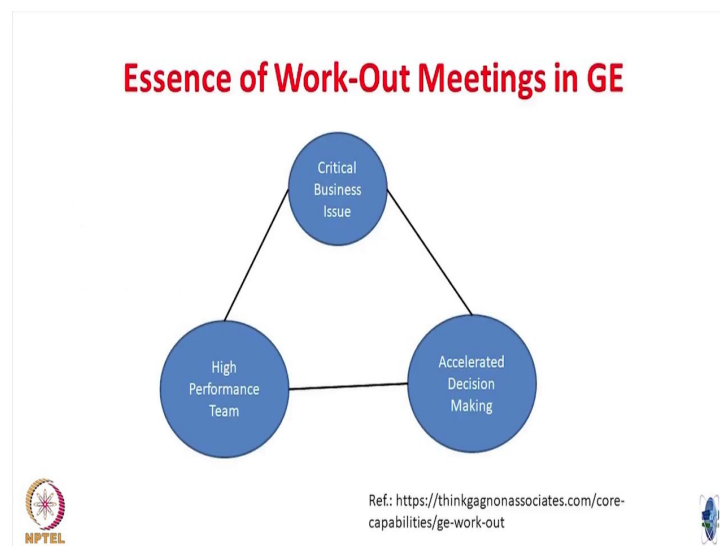
So, along with six sigma and other interventions, Jack Welch also introduced the GE workout meeting culture. What does that mean? The GE workout meeting are organizational level OD interventions and an acceleration process to overcome the

barriers of rank, function, geography, bureaucracy, and culture. These were initiated for efficient decision making and accelerated implementation.

There are many challenges in organization which are inter-departmental in nature, or inter-group in nature and many a time organizational members suggest and realize that certain things have to be done, but these things cannot be done because of the inherent inertia which is brought by the culture, bureaucracy, geography etcetera.

So, this intervention was aimed at addressing these barriers of the rank, function, geography, bureaucracy, and culture and strengthen the decision-making process by making it more efficient and by facilitating quick implementation of what is being decided in these meetings.

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The core of confrontation meeting are these 3 components: critical business issue, constitution of the high-performance team and accelerated decision making. What does that mean?

It means high performance teams from across the department are invited for these meetings, a critical business issue is put forth to be worked upon and whatever the decisions are made by these high performance teams during the process are subjected to a accelerated implementation and these three are the special features of these workout meeting.

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**Organization
Confrontation Meeting**

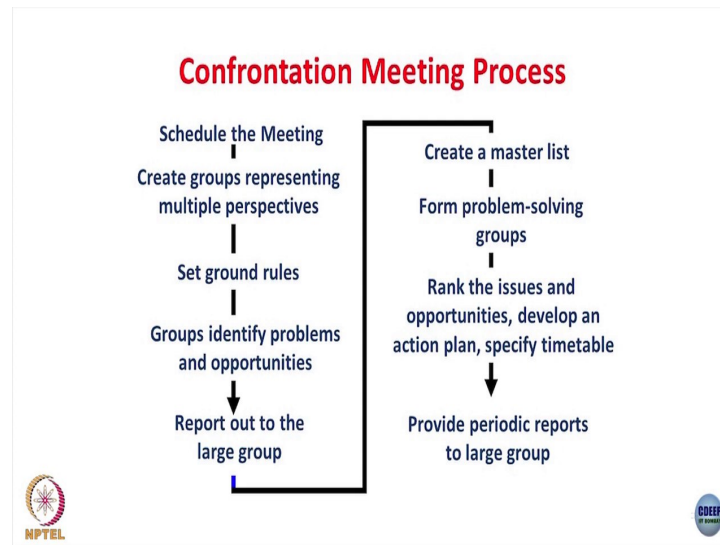
The confrontation meeting is an intervention designed to mobilize the resources of the entire organization to identify problems, set priorities and action targets and begin working on identified problems.

Workout meeting: The concept of workout meeting is similar to a notion called confrontation meeting or an intervention called confrontation meeting in the OD literature. Confrontation meeting is an intervention designed to mobilize the resources of the entire organization to identify problems, set priorities and action targets and begin working on identified problems.

Confrontation meeting is being used in many organizations with different names and with slight changes in the process, but they have some common features like they are conducted at the organizational level, they are conducted around the critical business issues and within the meeting itself the decision making process is accelerated and after the meeting, there is an accelerated process for implementation of these decisions. So, in a generic form a confrontation meeting process looks like this.

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We need to identify the champion and sponsors of the confrontation meeting. After identification of the champion or sponsor, the meeting is scheduled. We need to create groups representing multiple perspective; that means, groups from the different functions, different divisions are constituted.

Different hierarchical levels also supply different groups. In a group typically people from different hierarchical levels do not participate because of the obvious reasons. If a supervisor and subordinate are part of the same group, there might be a challenge in terms of the open communication and the candid feedback and discussion about the problems might not happen.

After the groups are constituted, certain ground rules are set that include what is the agenda, how will the team function, what is the level of commitment, and what is the expected behaviour of the members.

After setting up the ground rules, the group identifies the problems and opportunity. So, in a typical confrontation meeting, there are multiple groups operating on multiple problems. They work independently and after they identify the problems and opportunity, they reconvene in the large group meeting and they report out what was discussed during the groups.

So, in this way when small groups work on certain opportunity and problems and when they come back in a large group meeting, each group shares about its findings and recommendation. As a result of that, whole group is able to know what is being discussed by the other group and the large group members are also given opportunity to add or edit from their perspective in the list being created by individual specific groups. Based on these interactions, a master list of opportunities and problems are created.

After the master list is created, generally these groups are dissolved, and new groups are formed in the confrontation meeting. New groups which are constituted after creating the master list are generally related to some specific functions or a specific area. So, when a master list of opportunity and problems is made, the process of prioritization and classification of these opportunities and problems begins.

For example, opportunities and problems can be in operations field, may be related to marketing, may be related to administrative processes etcetera. So, once opportunities and problems are classified, the new groups are formed which are specialists in tackling those types of problems.

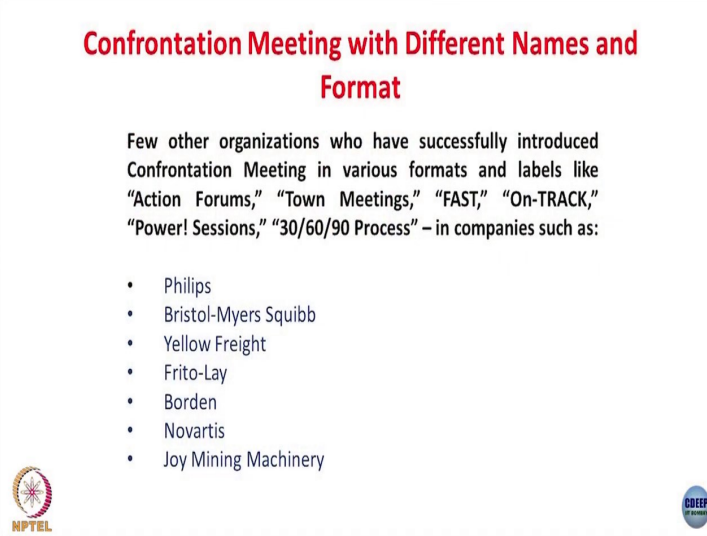
For example, if there is a quality related problem then a group having understanding and appreciation of the quality issues is built. Similarly, people having the expertise and experience and operations are made the members of the group that works on the operational issues. Similarly, different problem-solving groups are identified. These problem-solving groups work on a specific opportunities and challenges and make recommendations.

Based on the master list of the problems and opportunities in their field, first issue and opportunities are ranked, action plans are developed, and timelines are specified. They also provide the periodic report to the large group. So, during these meetings, an action plan is created based on the data coming from the large number of people.

But success is not dependent only on creating action plan. Success depends on how implementation process supports this action plan and for that to happen, a periodic reporting system is established and that is where the role of the champion and the sponsors of the confrontation meeting comes.

Generally, top management act as the sponsors or the champions and they are the one who are closely involved in the periodic review and whatever actions are taken based on certain decisions and recommendation by the specific groups are reported constantly reported back to the large group which was involved in the confrontation meeting.

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Confrontation Meeting with Different Names and Format

Few other organizations who have successfully introduced Confrontation Meeting in various formats and labels like "Action Forums," "Town Meetings," "FAST," "On-TRACK," "Power! Sessions," "30/60/90 Process" – in companies such as:

- Philips
- Bristol-Myers Squibb
- Yellow Freight
- Frito-Lay
- Borden
- Novartis
- Joy Mining Machinery

Confrontation meeting with different names and format is being implemented in many organizations. So, different names being used are like private labels, Action Forums, Town Meetings, Fast, On-Track, Power Sessions, 30 60 90 Process in the companies like Philips, Bristol-Myers Squibb, Yellow Freight, Frito-Lay, Borden, Novartis, Joy Mining Machinery and many more. So, this is one set of large organizational level intervention.

So, based on this description, what can we conclude about the prerequisites of the confrontation meeting?

Generally, the confrontation meetings are successful in the context of specific strategic challenge. Number two; confrontation meetings are successful when there is a representation of the large organizational system.



Number three; success of the confrontation meeting depends on how robustly the implementation plan is in place, without constant feedback and the review mechanism whatever emerged in the confrontation meeting may remain as matter of conversation or even may get forgotten if it is not subjected to testing and implementation processes.

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Intergroup Relations Interventions

How the different groups interact with each other in an organization?

- Groups work together
- Groups hold identity
- Groups place demand to each other
- Groups create problems

Now, we look at the intergroup relation interventions. We know that small or large groups constitute the organization and they decide the functioning of the organization. How different groups interact with each other in an organization? Groups hold identity; a person joins a group, he/she becomes part of the group and keeps that particular identity.

Groups also pose demand to each other; quality department places demand to the production department, the finance department put up the demand to the operations department, operations and all other department put their demand to the finance department. So, groups keep placing demand to each other. Groups also create problems for each other and that is how they fight.

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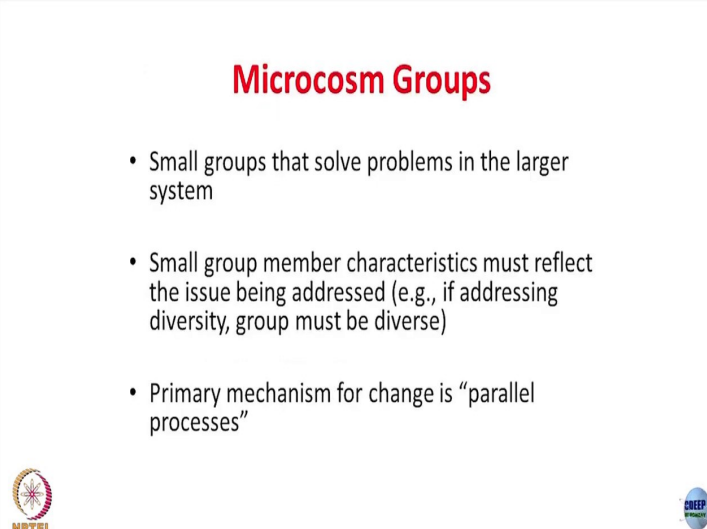
Intergroup Relations Interventions

- Two major interventions
 - Microcosm Groups
 - Resolving Intergroup Conflict



So, to resolve the issues between the two groups, we will discuss two specific interventions in this session: microcosm groups and resolving intergroup conflict.

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Microcosm Groups

- Small groups that solve problems in the larger system
- Small group member characteristics must reflect the issue being addressed (e.g., if addressing diversity, group must be diverse)
- Primary mechanism for change is “parallel processes”

Microcosm group: microcosm group is a small group that solves problems in the larger system. In the microcosm, group, members characteristic must be reflected. So, for example, a microcosm group which is working on the diversity also must be diverse. Primary mechanism for change is the parallel process. What is the psychological process behind working in the microcosm group?



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What is the “Parallel Processes”

The “Parallel Processes” idea suggests that if a small and representative group can:

- Intimately understand and
- Solve a complex organizational problem

Ex.: Cross functional project and design teams

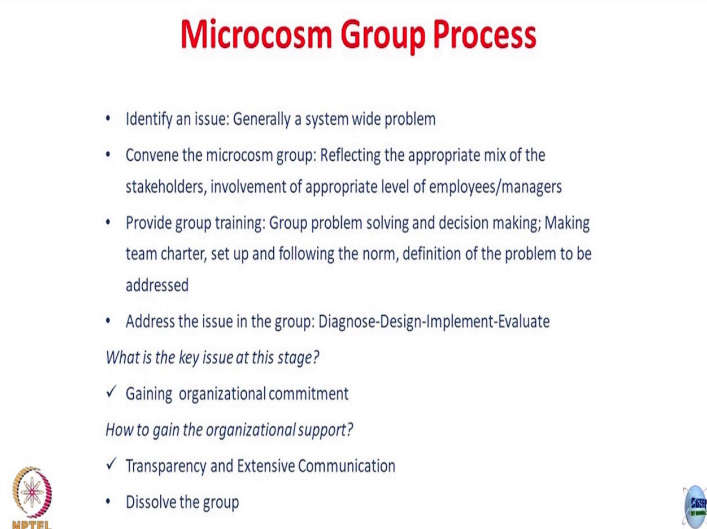


So, parallel process idea suggests that if this small representative groups are formed, a group can intimately understand and solve the complex organizational problems. We can understand this with the example of cross functional projects and design teams. When a system or an organization faces a challenge, sometimes the cross functional groups are formed.

Cross functional group members bring perspective of the group from where they are coming. Their ability to put forth their point of view makes other group members realize and acknowledge how their group being perceived by other groups. It is found that when people coming from the different backgrounds, assemble in one group they are able to bring the perspective of their backgrounds, because they hold the identity, because they have the data that makes the microcosm group aware of the different issues and the opportunities and challenges faced by other groups.

It is called microcosm group because it is representative of the cosmos. If organization is considered or a bigger system is considered as cosmos, the small group is a micro group because it is constituted of representatives from the components or the sub-groups or sub organization groups of that organization.

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Microcosm Group Process



- Identify an issue: Generally a system wide problem
- Convene the microcosm group: Reflecting the appropriate mix of the stakeholders, involvement of appropriate level of employees/managers
- Provide group training: Group problem solving and decision making; Making team charter, set up and following the norm, definition of the problem to be addressed
- Address the issue in the group: Diagnose-Design-Implement-Evaluate

What is the key issue at this stage?

- ✓ Gaining organizational commitment

How to gain the organizational support?

- ✓ Transparency and Extensive Communication
- Dissolve the group

How is microcosm group intervention conducted? First of all, an issue has to be identified. If issue is not system wide, microcosm group is not a good intervention. Microcosm group works best when it is a system wide problem Once problem is identified, a microcosm group is convened. The group must be convened in a way that reflects the appropriate mix of the stakeholders, and involvement of the appropriate level of employees or managers. If microcosm group is about the administrative lapses or operational challenges, it must involve people from quality, production, operations, supply chain, and IT, - all departments that are involved in creating and addressing that problem.

Second is providing training to the group. If we assume that just by making the microcosm group and asking them to convene the meetings, conduct the meetings and address the problem, they might not be able to address it efficiently. These microcosm groups require some specific training as well. Particularly, two types of trainings are relevant for the microcosm group: group problem solving training and decision-making training.

They need to be trained on how team charter is created, how to set up and follow norms, and what should be the norms. They must also be trained in defining the problem to be addressed. If a microcosm group is not able to identify and articulate problem properly, it

is very less likely that they are going to be effective in their role. So, microcosm group requires some training.

After the training, they are empowered with necessary resources and information. Information in a way is a resource in itself, to address the issue. Remember that typical process of the OD starts with diagnosis, design, implementation. It starts with diagnosis and then it includes design, implementation, and evaluation. Similarly, a microcosm group also needs to diagnose the issue, it needs to design, implement and evaluate its interventions, its recommendations and if those recommendations are implemented, they have to look at the impact of their implementation.

What is the key issue at this stage? Can it be done simply as we are describing it? What might be the complexities in this process? Resistance to change. Organization support may not be there. Gaining organizational commitment is the key issue at this stage.

We can convene a good microcosm group, they may be competent in addressing some of the problems, but still there will be a challenge if they are not able to gain the organizational commitment. Without organizational commitment, whatever they recommend cannot be implemented.

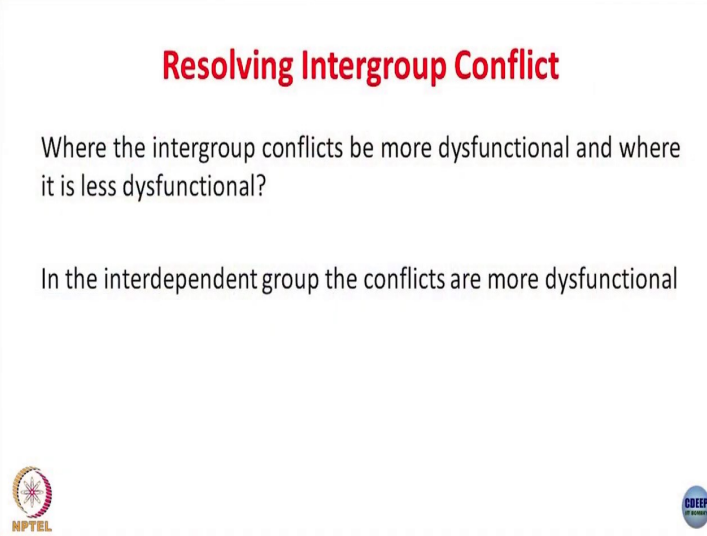
Now, how to gain the organizational support. What should microcosm group do to gain the organizational support? To implement the ideas that they have recommended, they need to have a high level of transparency and extensive communication. How do we maintain transparency? Microcosm group may invite senior managers, workers, union representatives to their meetings - that is one way of enhancing the transparency.

Another way of enhancing transparency is that they report everything. How they developed the issue, what are the plans for implementation, how they plan to take feedback from large number of stakeholders. In this process they keep reporting the organization or unit they are accountable to, about how they are thinking and what they are planning to do.

So, transparency and extensive communication play a key role in gaining organizational support. Once they get the organizational support and they are able to implement things, then microcosm group is generally dissolved.

Before the dissolution, they need to prepare a project report, and they need to make the final presentation. So, microcosm group is a method to bring the perspective from the different groups in the room and having a discussion, keeping the whole system and its opportunities and challenges in mind.



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Resolving Intergroup Conflict

Where the intergroup conflicts be more dysfunctional and where it is less dysfunctional?

In the interdependent group the conflicts are more dysfunctional

Our next intervention is resolving intergroup conflict. As we discussed previously, groups in the organization not only work together, groups and departments in the organization get into conflict as well. They put demand on each other and sometimes they obstruct each other as well.

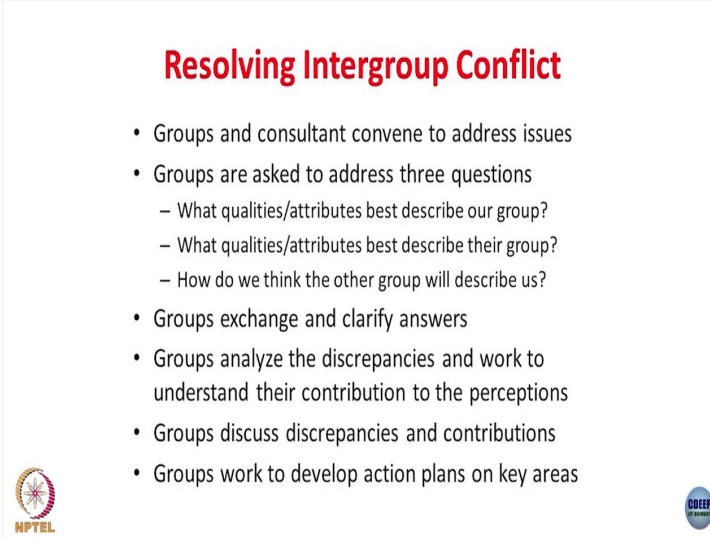
So, where can the intergroup conflict be more dysfunctional and where is it less dysfunctional? When can the intergroup conflict be more severe? In situations when there is an interdependence in the group.

Suppose there is an organization which has different product lines. In such a case, a healthy competition, maybe small minor conflict will be good for the performance of these groups.

But if there are two departments which are interdependent, say finance and accounting. Within marketing – sales, promotions, and advertisement. If these groups start having conflict, then this would be much more dysfunctional. So, in order to make the groups



function well with each other, we need to keep resolving the conflicts arising in the process of their functioning.

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Resolving Intergroup Conflict

- Groups and consultant convene to address issues
- Groups are asked to address three questions
 - What qualities/attributes best describe our group?
 - What qualities/attributes best describe their group?
 - How do we think the other group will describe us?
- Groups exchange and clarify answers
- Groups analyze the discrepancies and work to understand their contribution to the perceptions
- Groups discuss discrepancies and contributions
- Groups work to develop action plans on key areas

If you remember the role negotiation technique, we - a similar logic is applied for the intergroup level role conflict resolution as well. In this process, groups and consultant convene to address the issues. Generally, the role of consultant is useful in this stage because consultants are viewed as unbiased and they have a third-party view, overarching view of the situation. So, consultant can play a significant role in resolving the intergroup conflict.

Groups are asked to address three questions. The conflicting groups are asked to address three questions: number one, what qualities and attributes best describe our group? Who are we as group? Number two; what qualities and attributes best describe their group? This means they write about their perception about other groups and third question is how do we think the other group will describe us?

So, third question is basically writing answer of the second question on the behalf of the other group. If there are multiple groups, all the groups make this list for all other groups. Then groups exchange and clarify the answer. This is an open process, where they do not get into the fights or explanation. They read whatever the group has prepared.

In this process, other groups become aware of, how they are being perceived. This makes other groups open to reflect on their own behaviour and attributes. That reflection helps the groups to analyse the discrepancies and to understand why such a perception has been created.

So, once they listen about the attributes and perception from the perspective of other groups, they at times ask for tangible feedback or data, based on which other group had formed that perception and if other group is able to give that data, then this group can reflect, and explain their position. Next time, in a similar situation, the first group can reflect whether they can respond to that situation differently.

Then group discusses the discrepancies and contributions and group works to develop action plan on key areas. So, discrepancy means how a group is being perceived by other and what is the difference in that perception. Same incidents, same response can be perceived differently by other groups.

So, that is the discrepancy that needs to be clarified, but there is a contribution as well, meaning we also recognize that in the conflict what is the contribution of my group and that also need to be acknowledged.

Based on the understanding, the groups arrive at a master list and an action plan is created where two groups decide what they will start or stop doing to make all other groups function well and in harmony with each other. This is an example of intergroup conflict resolution.