



WHOLE SYSTEM TRANSFORMATION

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“Whole System Transformation fosters deep change. It requires personal change. It requires courage to take an organization through this type of change. The impacts are tremendous as well as the capability for change in the organization. The employee engagement that results is an unbelievable thing to see. It is worth it! It is hard work! It's emotional! It's draining! And yes very rewarding!!” - John Parker, Sponsor

This chapter describes Whole System Transformation (WST) philosophy and principles, a robust methodology resulting in an organization-wide paradigm shift.

This chapter also describes a case study of a 5,800 employee division of one of the more profitable insurance companies that moved every organization metric in a positive direction, enhanced cost-effectiveness substantially by saving millions of dollars, and increased customer service at unbelievable rates.



PHILOSOPHICAL OVERVIEW

WST is a philosophical based methodology that engages all facets of an organization to accomplish faster, cheaper and sustainable positive change. In the last edition of *Practicing OD*, David Bradford wrote in the Foreword about his concern regarding what he perceived as a diminishing role of OD. He said few are actually doing true OD because they work piecemeal rather than with a whole system, and they lack a sophisticated, integrated theory of change. His concerns are addressed when OD practitioners (or others) apply a behavioral science-based whole system transformation (WST). The focus is on the “whole” of the organization even though individuals and different groups also transform as part of the process.

The methodology and case put forth in this chapter attests to a remarkable change in practice that satisfies our founder’s pleas. Like caterpillar-to-butterfly, transformation is a metamorphosis from less effective to more effective as the whole works in unison to create itself a new.

In our case, nearly one half billion customer transactions moved from 77 percent to 84 percent satisfaction over a seven month time span. We believe that such a change effort, or variations of enterprise-wide change, is what is now needed by most organizations to respond to the ever-upcoming chaotic and surprising milieu. Our researched learning tells us that an organization performs better when the entire system - the “whole” all its interdependent parts - works together to emerge and work in harmony.

CASE PROFILE: WHOLE SYSTEM TRANSFORMATION IN ACTION WITH A MIDWEST INSURANCE COMPANY



The Background

The company is the nation's largest publicly-held personal lines insurer and provides insurance products to more than 17 million households. The division of which engaged in the transformation was the Customer and Enterprise Services (CES) group. This group includes most of the organization's call centers and back office functions that deliver crucial services to both premium-paying customers and internal business units. It works with more than 220 million customer interactions each year.

The end customer and internal business clients were asking the CES group to change. Customer loyalty and satisfaction had been stagnant at best and needed improvement in direct sales/service and product support. The business clients were asking for CES to improve cost effectiveness and support them in meeting their business goals. It was clear their customers and clients had become very dissatisfied with their support.

These challenges had to do largely with the culture and structures that had been put in place two decades previous, as an internally-focused, shared-service organization. The division was sub-optimized into 18 locations that were all acting as "kingdoms and queendoms with no cooperation between them," (Parker, personal conversation). Managing change was managing it away and not "rocking the boat." The desired goal was to become more innovative, cost-effective and a value-added service provider as perceived by customers.

The focus of transformation was to engage the people to shift their mindsets and behaviors to become inclusive, develop the people in meaningful ways and address the processes, structures and relationships in and across the organization.



Collectively Creating a Paradigm Shift

WST leads to dramatic differences – again, not just *change*, but *transformation*.

Characteristics of organization transformation by definition suggest radical changes in how organizational members perceive, think and behave and manage themselves (Cumming & Worley, 2000.)

In our case, our theme became “getting different.” The Leadership Sponsor wanted the journey to create a deep paradigm shift – a breakthrough. This breakthrough meant a personal transformation for every person, and a collective shift in mindset across the division.

➤ *“We cannot get different results without getting different ourselves. It’s not a ‘feel good’ and it is not like any other conversation we have had. It is not business as usual; it’s about getting different.” John Parker*

This mantra translated into our WST model in important ways, one of which included adapting as a foundation for classic Beckhard transformation DVF Formula—a theory on creating a collective paradigm shift (Dannemiller, 2000). The external change agents revised the formula for this project based on Beckhard’s original work:

Dissatisfactions (D) x Vision (V) x First Actions (FA) > Resistance to Change. This formula was revised by the internal change agents to be:

Dissatisfactions (D) x Aspirations (A) x First Actions (FA) x Belief (B) x Others (O) = Transformational Breakthrough (TB).

This formula describes the conditions necessary for a collective paradigm shift.

“D” - means allowing participants to voice dissatisfactions with the current state.

Contrary to traditional OD approaches, this equation pulls from the Gestalt theory to resistance,



based on the paradoxical theory of change. The paradoxical theory of change was a concept originated in 1970 by Arnold Beisser and then adapted by Fritz Perle's Gestalt approach to change. The paradoxical theory is based on the belief that change rests on the full acceptance of status quo and assumes that resistance is expected, healthy and must be supported in the process. The Gestalt theory is covered in Chapter 34.

“A” - stands for engaging with aspired future. The word vision was changed to aspiration to fit the organization's desire to become the butterfly, an organization that “thrills the customer” and is dramatically different.

“FA” - stands for first steps and longer-term actions. Actions focused on getting the commitment and momentum to make the difference.

“B” - stands for belief. It represented the transformative belief to collectively being dramatically different.

“O” – stands for including and engaging others. This reinforced the inclusive culture they created, as described later in the chapter.

The formula suggests that a collective paradigm shift occurs that is greater than any change resistance when applied. Research suggests it is impossible for an organization to return to its old ways of being once it has achieved the breakthrough (Dannemiller, 2000). Once the shift happens, organization members see themselves for the first time and the company differently, they have new mindsets both individually and collectively. This breakthrough in mindset gives the organization the ability to shift their behaviors to align with the future they aspire for instead of repeating unproductive patterns of the past.



LAUNCHES OF TRANSFORMATION

This section describes the launches and the transformation process including pre-launch, launch one: aligning the core leadership team and launch two: convening four large group interactive events.

Pre-Launch

During the pre-launch phase attention is paid to establishing relationships, understanding the business, and completing a preliminary scan to scope out the work. An elaborate contract is written that has enough specificity that people know what they need to do, yet enough flexibility to support the constant and organic changes that occur. An essential step is the work with the executive sponsor to ensure he or she are truly ready to support the process of including and empowering employees to create the change. Without this commitment, a transformation is not possible.

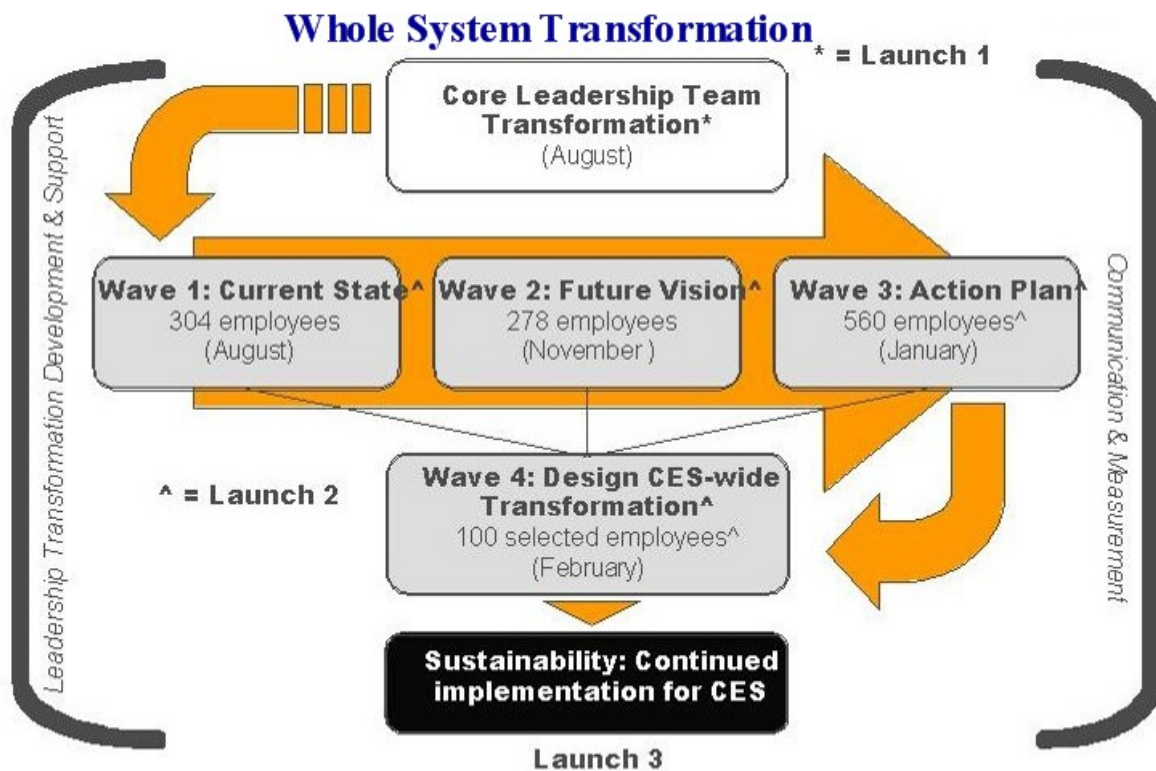
- *“You have to be willing to let your employees engage and allow them to bring all of their voice to the table - all the “goods” and all the “bads” must be heard. A leader needs to be open and honest with how the organization is going to run and how they will lead it. The vulnerability required on my part was probably the biggest learning that I got out of the process.” John Parker*

CES WST Process Overview

The process for CES had three launches, Launch 1 – transformation of the core leadership team who would set the direction for the organization, Launch 2 – 20% of organization participated in four large group interactive events (waves) and Launch 3 –



sustainability plans, evaluations and re-planning for implemented ongoing change.



LAUNCH ONE: ALIGNING THE CORE LEADERSHIP TEAM

“I let go of everything I had ever been taught and practiced as a leader and engaged with my people in a completely different leadership mindset.” John Parker

In a successful whole system journey, a key ingredient is the active role and professional transformation of the executive leader. Subsequently of importance is the quality of the relationship between a top executive and his or her team. Next is the transformation of the leadership team itself as it relates to the larger organization. Repeatedly, we heard that the



modeling of transformation by the leadership team was paramount in inspiring the remainder of the organization.

The team members decided to name themselves the Core Leadership Team (CLT) because they did not want to convey the notion of top or senior in terms of privilege, level or rank. They wanted employees at all level to know that they have an important contribution, regardless of their level or role. They referred to this notion as “no stripes”. Coming from a command and control environment for the past 75 years, the “no stripes” concept described the inclusive culture shift of the sharing power and valuing contributions from all employees as equals, rather than belief of the past that only those in leadership positions (stripes) have power, voice and value to add.

Launch One Process

The following phases in the launch one process was used:

1. Initial meeting with executive sponsor: Includes trust-building, reviewing historical data and strategy documents, exploring aspirations, and planning for working with team and internal change agents.
2. Preparation with core team: Focuses on understanding the team’s role and the process, invites commitment and solicits input for interview questions in three key areas: What needs to change for each executive? What must change as a team to be more effective? What changes must the team lead in the larger organization?



3. Real-time data gathering and residential offsite planning: Interview all members anonymously based on questions from the team, prepare a feedback report for leader and team. This serves as the basis of the design for the offsite meeting.
4. Form a planning team that includes external and internal change agents and members of the leadership team to plan and facilitate session: The charge is to create a compelling purpose and a detailed script for a 2 ½ day residential session based on the breakthrough formula. Also to prepare internal leaders and agents to own and facilitate the meeting.

Launch One Results

Launch One team alignment had the purpose of CLT speaking as “one voice.” Going into the session, the team members had spent years being competitive and lacked trust in one another and didn’t have a commitment to a collective vision. At the end of the session the team had alignment around the changes needed and a shift from a shared service mindset to focus on process and effectiveness. One of the key objectives of this phase is team ownership and accountability for the future, not leadership sponsor dictated. There was a critical moment in the session when, after exacerbated questioning of the sponsor to give them the future vision, the whole team stood up together, walked over to easel pad and designed the service delivery model of the future. John Parker said with a wink and look of pride, “our work is done, we’ve accomplished our goal here...” The team took full ownership of the model, as well as operating as a team with a common purpose.

The team left the session with a purpose, guiding principles, operating norms, and a new paradigm about the team’s value to the corporation. Using the concept of the microcosm, a



leadership group called the “Operating Team” was initiated that included different views responsible for execution of the strategy. The team walked away with a deep sense of pride, excitement, and focus for the transformation.

The impact post-session was also realized during the waves. The openness and vulnerability of this team made a significant ripple effect across the organization. The CLT openly talked about the team’s fears and perceptions and owned a part in creating the barriers of the past. They listened to the organization; critical feedback was acknowledged and perhaps for the first time in years, organization members at all levels felt heard; everyone shared trust and renewed commitment to the leadership and the company.

LAUNCH TWO – CONVENING FOUR LARGE GROUP INTERACTIVE WAVES

Key Principles

The ten key principles of WST used as guiding principles during Launch two were:

1. Leaders must first model transformative mindsets and behaviors both as individuals and leadership teams.
2. A compelling purpose believed by all drives everything; including conversations, relationships, actions and events.
3. The entire effort is about both the people and the business “getting different.”
4. Inclusion in behavior and attitude leverages different views (through the power of a microcosm or max/mix group) so each person contributes and begins to see a system perspective.
5. Outcomes are a result of trusting the process of self-realization, leading to self-actualization rather than a top-down dictatorial view.



6. The wisdom is in the system, through collaborative interaction, the system listens and learns from itself real-time.
7. Robust and relevant tools, activities and processes are utilized to maintain focused energy.
8. Conversations are multi-directional, honest truth telling is elicited in a safe way so all contribute to the learning and change.
9. Valid data is a key influence establishing new direction and results.
10. Freely choosing positive and shared aspirations with deep meaning leads to committed aligned action.

Integration of “Inclusion”

The transformation work simultaneously supported an organization-wide inclusion effort lead by The Kaleel Jamison Consulting Group, Inc., (see chapter 22). The inclusion intervention defined and brought life to behaviors for a desired future culture. Leadership determined inclusion and transformation needed to be integrated.

The result was that both efforts reinforced each other as participants received education on, and the experience of inclusion while understanding how these behaviors connected to and resulted in hard-core business results. The twelve inclusion behaviors defined as the desired cultured supported participants in being “BIG , leaning into discomfort, letting people's voices be heard, honoring people's differences – were many of the underlying behaviors of the democracy in the WST process. (Katz and Miller, 2008, p. 3) Bringing the two together was a unique element that made it so impactful.



Design Team Role and Process

The design team is intended to be a microcosm of the different locations, levels, roles, functions and cultural or racial backgrounds that are represented in the organization.

Microcosms are able to guide the consultant group on what needs to happen and how to design it within the organization culture (Eggers, Kazmierski & McNally, 2000). The design team creates a compelling purpose and design for the large group events. Creation of a compelling purpose statement drives the design that follows. What will be different in our world because of having had this meeting? (Danniller, Tyson & Associates, 2000). The design process is a parallel process or mirror image of what happens in the large meetings,. . . “Studies of parallel process show that what happens in one system has an impact another... [As such] parallel process may be seen as the playing-out of experiences that are unresolved and out-of-awareness.” (Davies, 1997, p. 114). Knowing this, we work out key issues that arise in the design meetings and build them into the design knowing they will show up on a grander scale in the large group sessions. Using the diverge/converge model, small groups diverge to dive into diversity of thought and then converge back out into the large group to build a common picture of the whole system. (Lawrence and Lorsch, 1969, p. 11). Principles of whole system change are taught and traditional team building occurs during the design process.

The group functions as a temporary project team with a critical and time-pressured task of creating the purpose, design and script for the event. The brainstorming and alignment process typically generates chaos and conflict as the group strives to produce a unique and impactful design. The consulting group was coined with the phrase “trust the process” which officially made headlines in all orientations to the design process. Meg Wheatley’s emergent theory of change is paramount. Trusting the process means flowing with the emergence of constant change, knowing that the wisdom in the group will get us exactly where we need to go.



The design team produces a script in great detail of all that is to happen during the session. Our longest script for a three-day wave was a 54 page document with 27 revisions. It outlined everything from the purpose, timing, activities, presenters, handouts, logistics, production and anything that is pertinent to a flawless execution

The design team played a key role, paying attention to real-time feedback during and after the event. Each day the consultants discuss with the team when and why the energy was low or high. Then the design shifts to support the energy in the room. Everyday each feedback form is reviewed and the debrief focuses on what is working or not.

Immediately after an event, we had a closure event, a celebration with the consultants, design and leadership teams to acknowledge what's been accomplished and learned. Deep emotions surfaced as design teams put in their heart and soul and saw the results they produced. Leadership was awe-struck with the faith, hope and trust the employees expressed about them.

Event Logistics and Production

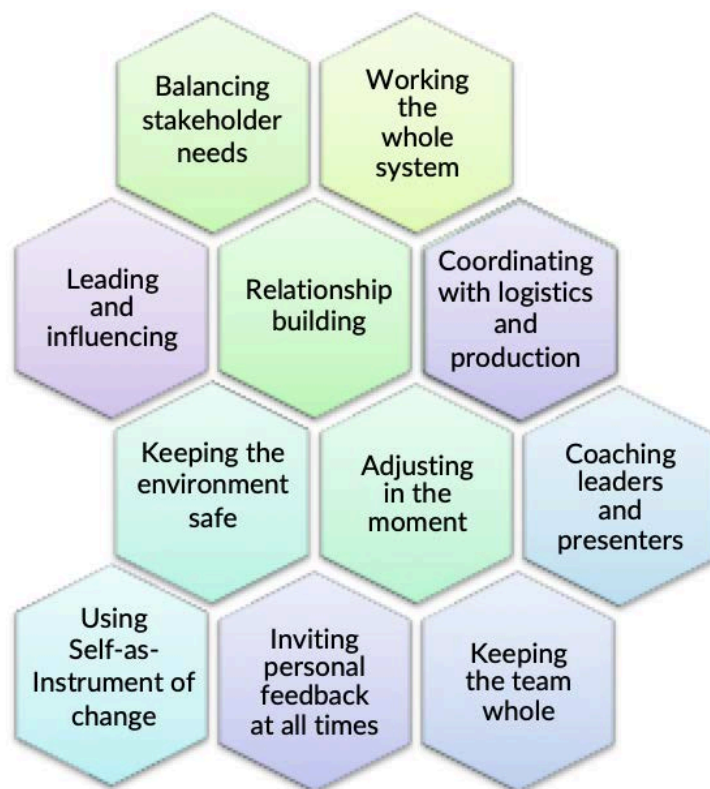
In the 1950's, Dick Beckhard led the design of the first known OD large group in a 3-day 5,000 White House Conference to develop nation-wide policies for children. He said, "Logistics are formidable. They are more important than they initially seem." (Beckard, 1997 . P. 23). Our experience suggests that participants allow one obvious logistical mistake but the second one begins to erode the process. Convening a logistics team early in the process is important to have a well-organized and detailed plan that meets the design criteria. Being proactive and paying close attention to all details of the space, materials, food, room set-up, equipment, supplies and timing can literally make or break an activity or event. Logistics teams are under a great deal of pressure as they feel a heavy burden to pull everything together and have to adapt in the moment



to the “emergent design” with many last minute changes in these interactive events. Thus it’s important that the consultants support them and work closely with the logistics leader.

Sullivan shares the complexity of different roles to be played and balanced by the consultant when producing an event. As the consultant is managing these many roles, they are simultaneously building the competencies in the internal team as they shadow and learn the process.

The Roles that Consultants Balance



Magic of the “Waves” – Large Group Interactive Events

In the wave itself, we have people sitting at “max-mix” tables. Max mix is the maximum mixture of the widest possible representation of the different parts of the organization; essentially it is a microcosm of the whole. As mentioned earlier, the design follows the diverge/converge model of having tables work and discuss (diverge) and then the whole room shares the results of the conversations (converge) to create a shared system view.

The sessions are always 2.5 days over a 3-day period of time to allow enough time to apply the breakthrough formula ($D \times A \times FA \times B \times O = TB$) for the collective paradigm shift to occur. The first day of the session is typically the introduction/context and a sharing of the dissatisfactions or the current state of what is. The second day is a connection to the aspiration and what is possible. The third day generates confidence, enthusiasm and the actions at an individual, group, and whole organization level that will make a dramatic difference. The design focuses on multiple levels of system in the transformation – individual, group, sub-group and enterprise-wide level. A key distinction of WST is that there is personal transformation at an individual level. Our experience and the wisdom from the founders informs us that this is necessary for groups and the whole system to shift, thus the design incorporates that throughout each day of the event.

Blending whole system principles with Gestalt level of system allows the design of each intervention/activity to influence the most appropriate level of system at that moment that will ultimately contribute to moving the “whole system.” It’s expected that the resistance reduces each day as the commitment gets higher. As the commitment gets higher, the emotions get released and by the third day of the waves, people were up giving standing ovations, dancing, singing, and tears of pride and joy flowed from the most unsuspecting individuals. Many proclaimed they were “unleashed!”



LAUNCH THREE – SUSTAINIBILITY & EVALUATION

Sustainability

This consulting team had three macro purposes for sustainability: 1) transform the CLT that results in lasting change, 2) create transformative waves that result in a sustainability plan for the organization, and, 3) transfer the capability of on-going transformation to the internal change team.

A permanent transformation team of internal change agents was established to monitor and re-plan the entire effort long term. They must assimilate the competencies so that sustainable structures, processes and experiences continue to evolve ensuring long-term positive change. Throughout the process, special attention was paid to developing the internal consultants and transferring knowledge at each stage in the process.

For the continuing transformation of the CLT, sessions were held 6 months and 14 months after Launch One to assess and focus the development of the leadership team and create an organization strategy for the next two years. For the rest of the organization, an elaborate on-going measurement process, structure and planning process was established to ensure long term sustainability. The initial plan was developed by the participants of the last wave and then influenced by the CLT, Operating, and Transformation Teams to ensure there was an inclusive view of the plan.



Evaluation

Results of Launch Two: Impact of Large Group Events

- *“Before we even got home from the sessions, there were e-mails flying around, blog sites, and inspiring quotes being shared. People went back to their offices and put up poster boards and held their own focus groups. People of all levels went out to speak and talk about what was done. It had an impact on the way that we did our work. Instantly we started to see change in the attitudes of our employee group and how that affected our customers. The results that told us we were unleashing the magic, as Kathie Dannemiller would say...” John Parker*

As part of the evaluation of each event, and the overall effort, we asked: “Did we fulfill on our purpose and meet our original objectives?” We collected both quantitative and qualitative measures to assess what changes or shifts were made on either key business metrics or shifting behaviors related to employee engagement or inclusion. The immediate impact of the waves was astonishing and visible, through conversations, emails and meetings – employees at all levels were on fire! The actions and long term impact began to take hold as many changes were made at the group, division and whole system level. For example, the performance management process was changed as a result of the waves, consistent performance standards were created for every employee and a 360 inclusion assessment was birthed, designed and implemented by inspired employees. A solid plan for measurement that linked with sustainability planning for continuous assessment and re-assessment of metrics and behaviors was developed based on the “six bold steps” that came from the employees in the last wave.





Solid Business Results: Evidence of Change

Following the transformation, evidence in the measurements was seen immediately. Our post-surveys and our various indices are all at the highest level in the broader corporation, much higher than ever in the past. The post-call evaluation survey results, a survey that our customers take when they make a phone call to our call centers, started to immediately jump. Years had gone by and with absolutely no movement and there was seven months in a row of continuous improvement, from 77 percent to 84 percent satisfaction.

Half way through the year, there was concern about meeting the sales goals and after the waves, the numbers began to rise and they eventually exceeded the sales goals by year end. The organization experienced a positive change in the execution and management of expenses. Without asking or giving direction, the organization came in millions of dollars under plan, while investing in more in advertising and providing resources back to the organization.



A survey was conducted at intervals to measure the inclusion behaviors; focus groups were conducted with 10% of the population; and, leadership “knee to knee” sessions were held to have intimate conversations to assess the behavior change across the organization. These assessments, along with the yearly employee opinion survey indicated change within a strong culture that was over 75 years old. The employee survey had the highest level of participation that year than ever before at 96 percent. Questions related to leadership scored an 89 percent favorable response and employee engagement scored at 85 percent.

Employee engagement and learning significantly increased. Employees at all levels were leading activities like never before with inspired enthusiasm- everything from department meetings, kick-off sessions, action planning teams, and business processes changes across the organization. The masses were engaged in learning that their voice counts, what they do everyday counts, and they are helping to achieve the organization’s business goals.

The CES transformation proved that, by systemically engaging the whole organization in the change process, in only 18 months, dramatic shifts are truly possible in business results, leadership and culture of a large long standing corporation. Like we revel at the sight of the transformed butterfly, the tangible and visible results are the true “magic” of whole system transformation.



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