



Whole System Transformation

Becoming Dramatically Different

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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 presents the philosophy and principles of whole system transformation (WST), a robust methodology resulting in an organization-wide paradigm shift. This chapter also describes a case study of a 5,800 employee division of a Fortune 100 financial services company 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.

WST engages all facets of an organization to accomplish accelerated 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 believes 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 practitioners apply the methodology of behavioral-science-based WST. The focus is on the “whole” of the organization, although individuals and groups within it transform as part of the process. Like caterpillar to butterfly, transformation is a metamorphosis as the whole works in unison from the inside out to create itself a new.

In this case, nearly one-half billion customer transactions moved from 77 percent to 84 percent satisfaction over a seven-month time span. This type of change effort, or variations of enterprise-wide change, is now needed by most organizations to respond to the ever-upcoming chaotic and surprising

milieu. Our research tells us that an organization performs better when the entire system—the “whole” all its interdependent parts—engage in the process of continuous change and emerge to work in harmony together.

CASE PROFILE: WST IN FORTUNE 100 CES GROUP

The Background

The case involves this Fortune 100 company’s customer and enterprise services (CES) group. This group includes 5,800 employees and covers most of the company’s call centers and back office functions that deliver crucial services to customers and internal business units. It works with more than 220 million customer interactions each year.

The customer and internal business clients were asking the CES group to change. Customer loyalty and satisfaction had been stagnant at best, and feedback suggested they needed great improvements in sales/service and product support. The business clients were asking for CES to reduce costs significantly and support them in meeting their business goals. It was clear their customers and internal clients had become very dissatisfied with the status quo.

The challenges CES faced had largely to do 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 eighteen locations across the country. Locations were acting as “kingdom 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 a more innovative, cost-effective, value-added service provider as perceived by customers.

The focus of transformation was to engage employees at all levels, shift their mindsets and behaviors to make the customers their priority, become inclusive, and develop the people in meaningful ways. The intent was also to address the changes needed in the processes, structures, and relationships in and across the organization. The Star Model (Galbraith, 2002) guided the overall effort to align all the dimensions of the CES organization to the new vision and purpose of “thrilling our customers.”

Collectively Creating a Paradigm Shift

WST leads to dramatic differences—not just incremental *change*, but true *transformation*. Characteristics of organization transformation by definition suggest radical changes in how organizational members perceive, think, behave, and manage themselves (Cumming & Worley, 2005).

In our case, the mantra 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 in the whole system 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 a foundation from the classic Beckhard transformation DVF formula—a fundamental theory for creating a collective paradigm shift (Danne-miller, 2000). The internal change agents revised the founder’s formula for this project based on Beckhard’s original work. The original formula:

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

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

This formula describes the conditions necessary for a paradigm shift.

- “D” means allowing participants to voice *dissatisfactions* with the current state. Contrary to traditional OD approaches, this formula pulls from the Gestalt theory of resistance, based on the paradoxical theory of change, a concept originated by Arnold Beisser (1970) and then adapted by Fritz Perls’ 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 Thirty-Four.
- “A” stands for engaging with *aspirations* of the future. The word “vision” was changed to aspiration to fit the organization’s desire to become the butterfly, an organization that is dramatically different, created from within.
- “FA” represents the need for *first actions*, as in the original formula. Actions were focused on getting the commitment from everyone in the organization and the momentum to make a difference.
- “B” stands for a shift in *beliefs*. It represented the shift in beliefs collectively to being dramatically different.
- “O” describes the *inclusion and engagement of others*. This reinforced the inclusive culture they desired, as described later in the chapter.

The formula asserts that, when applied, a collective paradigm shift occurs that is greater than any change resistance. Research suggests it is impossible for an organization to return to its old ways of being once it has achieved the break-

through (Dannemiller, 2000). Once the shift occurs, organization members see themselves and the company differently. New mindsets are uncovered, individually and collectively, as if a veil has been lifted, the blinders are off, and things are seen that have always been right in front of everyone. This breakthrough in mindset gives the organization the ability to shift its attitude and behaviors to align with a desired future instead of repeating unproductive patterns of the past.

LAUNCHES OF TRANSFORMATION

The process for CES had four launches: pre-launch; launch 1 (alignment of the core leadership team that set direction for the organization; launch 2 (20 percent of the organization participating in four large group interactive events or waves); and launch 3 (evaluation and sustainability planning for the ongoing change) (see Figure 38.1). This section describes the launches and the transformation process.

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

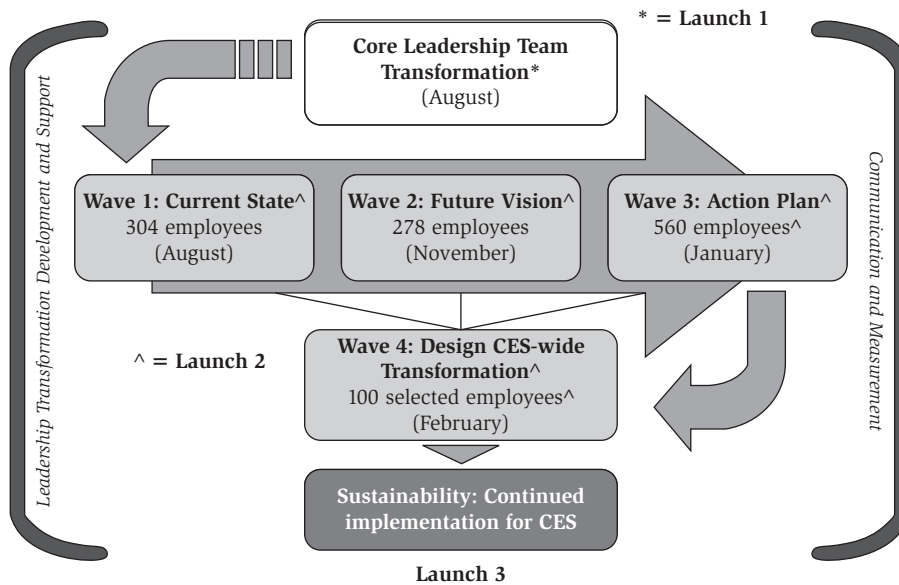


Figure 38.1 Whole System Transformation

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 is truly ready to support the process of including and empowering employees to create the change. This is a critical element to assess in advance of undertaking this kind of effort.

“You have to be willing to let your employees engage and allow them to bring all of their voices 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 he will lead it. The vulnerability required on my part was probably the biggest learning that I got out of the process.”

John Parker

Launch 1: Aligning the Core Leadership Team

As mentioned, in a successful whole system journey, a key ingredient is the active role and professional transformation of the executive leader. Of subsequent 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 seniority in terms of privilege, level, or rank. They wanted to send the message to all employees that they can make an important contribution. They referred to this notion as “no stripes.” Coming from a command-and-control environment since the company started seventy-five years earlier, the “no stripes” concept signified the shift to an inclusive culture of sharing power and valuing contributions from employees as equals, rather than the belief that only those in leadership positions (stripes) have power, voice, and value to add.

“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

Launch 1 Process The following phases in the Launch 1 process were used:

1. *Initial meeting with executive sponsor:* Includes trust-building, reviewing historical data and strategies, exploring aspirations, and planning for working with their 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 leader?

What must change for the team to be more effective? What changes must the team lead in the larger organization?

3. *Real-time data gathering and residential offsite planning:* Involves interviewing all members anonymously based on questions from the team and preparation of a feedback report for the sponsor and team. This serves as the basis of the design for the offsite session.
4. *Form a planning team:* Includes external and internal consultants and members of the leadership team to plan the session: The charge is to create a compelling purpose and a detailed script for a two-and-a-half-day residential session based on the breakthrough formula. Preparation and coaching of the leaders and internal consultants to own and facilitate the meeting was also paramount.

Launch 1 Results Launch 1 team alignment had the purpose of CLT speaking as “one voice.”

Going into the session, the team members had spent years being competitive, 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 dictated by the leader, but through self-realization. There was a critical moment in the session when, after continued questioning of the sponsor about how to operate, the whole team stood up, walked over to the easel pad, and without the sponsor, designed the service delivery model of the future. John Parker, the sponsor, 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 and of operating as a true team.

The team left the session with a common purpose, guiding principles, operating norms, and a new paradigm about their value to the corporation. At the end, they reported feeling a deep sense of pride, excitement, and focus like nothing they had ever experienced before. Before they left, using the concept of the microcosm (using representative views across the organization), a leadership group was defined, the “Operating Team,” which included different views and levels that would be responsible for execution of the strategy.

The impact of the session was also realized during the large-group events later in the process. The openness and vulnerability of the CLT made a significant ripple effect across the organization. They spoke openly and publicly of 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, employees at all levels felt heard; and employees had shared trust and renewed commitment in the leadership and the company.

Launch 2: Convening Four Large-Group Interactive Waves

In this phase, the transformation work simultaneously supported an organization-wide inclusion effort that began several months prior. The inclusion intervention defined and brought to life twelve behaviors that defined the desired culture. Leadership determined inclusion and transformation needed to be integrated.

Through the integration, the efforts reinforced each other as participants received education on and lived the experience of inclusion while understanding how these behaviors connected to and resulted in hard-core business results. Modeling the inclusion behaviors in the waves supported participants in being “BIG,” bringing democracy and all voices to the table (Katz & Miller, 2008). The messages about the importance of honoring people’s differences and creating a safe environment for voices to be heard were called out publicly, whether they were happening or not, to reinforce the culture. Bringing the two together was a unique element that provided a business case for the behavior change and a deep understanding and clear connection of “how” (inclusion behaviors) with the “what” (CES desired business results).

Key Principles of WST The ten key principles of WST were used:

1. Leaders must first model transformative mindsets and behaviors as individuals and leadership teams.
2. A compelling purpose drives everything, including conversations, relationships, actions, and events.
3. The entire effort is about the people and the business results “getting different.”
4. Inclusion in behavior and attitude leverages different views so that each person contributes and is valued in the process.
5. Outcomes are a result of trusting the process of self-realization to self-actualization.
6. The wisdom is in the system; through using microcosms and collaborative interaction, the system listens and learns from itself in real time.
7. Robust tools, activities, and processes are utilized to maintain focused energy.
8. Conversations are multi-directional; truth-telling is elicited in a safe way so all contribute to the learning and change.
9. Valid current data is a key influence, bringing new awareness and direction to the system.
10. Freely choosing positive and shared aspirations with deep meaning lead to committed and aligned action.

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 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 script for the large group events. Creation of a compelling purpose statement drives the design that follows. It answers the question: What will be different in our world because of having had this meeting? (Dannemiller Tyson & Associates, 2000a).

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, parallel process becomes an awareness tool for diagnosing dynamics in the organization (Stevenson, 2002). This allows the consultants to build issues that arise on the team into the design, knowing they will show up in the system on a grander scale in the large-group sessions. Using the diverge/converge model, small groups diverge into deep conversations, sharing diversity of thought, and then they converge back out into the large group to build a common picture of the whole system (Lawrence & Lorsch, 1969).

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 motto “trust the process,” which made its way into ground rules of how to operate and was included in all orientations to the process. Meg Wheatley’s (2005) 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 take us exactly where we need to go. The consultants need to be competent as “process consultants,” guiding the group through task completion, as well as the developmental process, without being the “experts” giving the answers (Schein, 1988).

The design team produces a script in great detail of all that is to happen during the session. The longest script for the wave event was a fifty-four-page document that underwent twenty-seven revisions. It outlined the purpose, timing, activities, presenters, handouts, logistics, production, and anything pertinent to flawless execution. The design team plays a key role, presenting different segments and paying attention to real-time feedback during and after the event. Each day they review every feedback form and discuss what’s working and not working and assess the group’s energy. Then the design was changed during the evening hours to support the feedback and to find the group purpose and objectives were met.

Immediately after every wave, a closure event was held with the consultants, design team, and CLT to discuss learning, acknowledge what had been accomplished, and bring closure to the group. As glasses clinked, stories were shared, and deep emotions surfaced as the design team members put their heart and soul into the event. Leadership was awestruck with the faith, hope, and trust the employees expressed.

Event Logistics and Production In the 1950s, Dick Beckhard led the design of the first known OD large group in a three-day five thousand member White House conference to develop nation-wide policies for children. He said, “Logistics are formidable. They are more important than they initially seem” (Beckhard, 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 create a 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 the whole event. Logistics teams are under a great deal of pressure as they must pull everything together and adapt to the “emergent design” as it unfolds. It’s important that the consultants support the team and work closely with the logistics leader.

Clearly, logistics is only one of the many facets of the event that the consultant must be closely attuned with. Kathie Dannemiller (2000) highlights the different roles to be played by the consultant when producing an event. As the consultant is managing these many roles, he or she is simultaneously building the competencies in the internal consultants who shadow and learn the process (see Figure 38.2).

Magic of the “Waves”: Large-Group Interactive Events In the wave itself, people sit at “max-mix” tables. Max mix is the maximum mixture of the widest possible representation of the different parts of the organization; essentially the table is a microcosm of the whole. As mentioned earlier, the design follows

Relationship Building	Coordinating with Logistics and Production	Facilitating Design and Small Groups
Designing Ahead and in the Moment	Keeping the Consulting Team Whole	Coaching Leaders and Presenters
Gathering and Interpreting Data	Balancing Stakeholder Needs	Leading from the Front of the Room and Behind the Scenes

Adapted from K. Dannemiller. (2000b), *Whole-Scale Change Toolkit*.

Figure 38.2 The Roles Consultants Balance

the diverge/converge model of having tables work and discuss critical organizational issues (diverge), and then the whole room shares the results of the conversations (converge) to create a shared system view.

The sessions are always two and a half days over a three-day period 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 involves context setting, group connections, and a sharing of the dissatisfactions or the current state of what is. The second day is a meaningful connection to the aspiration and what is possible. The third day generates confidence and enthusiasm as actions are generated at the individual, group, and organization levels. The design focuses on multiple levels of system in the transformation—individual, group, subgroup, and enterprise-wide. Blending whole system principles with the clarity of the Gestalt level narrows the objective of each intervention to ultimately contribute to moving the “whole system” by the end of the third day. A key distinction of the waves is the depth of personal transformation at an individual level that is built into each day of the design. Our experience and the wisdom from the founders inform us that this shift is necessary for groups and the whole.

“In the waves, people made personal and deep connection to the change we were talking about. We heard people talking about how to resolve barriers. We heard personal stories, innovative solutions, and generated commitment. We shared deeply among over five hundred people in one room. There were people crying. There were people laughing. There were people cheering. All of it was very surprising.”

John Parker

It’s expected that the resistance is lower each day and the commitment grows higher. As the commitment gets higher, the emotions are released; by the third day of the wave, people were up giving standing ovations, dancing, singing, with tears of pride and joy flowing. Many proclaimed loudly and publicly to seas of people that they were “unleashed!”

Launch 3: Evaluation and Sustainability

This section describes launch 3: evaluation of the large group interactive events and the elements of sustainability planning.

As part of the evaluation of each large group interactive event, we always asked: “Did we fulfill our purpose and meet our original objectives?” We collected both quantitative and qualitative measures to assess what changes or shifts were made on business metrics and behaviors related to employee engagement and inclusion.

“Before we even got home from the sessions, there were emails 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 employees and that affected our customers. The results told us we were ‘unleashing the magic!’ as Kathie Dannemiller would say.”

John Parker

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, business processes that had been “broken” for years were changed, the performance management process was updated, consistent performance standards were created for every employee, and a 360-degree view inclusion assessment was birthed, designed, and implemented by inspired employees.

The output of the last wave was an organization-wide action plan called “Six Bold Steps” (see Figure 38.3). This served as the beginning of the sustainability plan for measurement of business metrics and behaviors and the strategy for continuous assessment, planning, and engagement across CES.



Figure 38.3 Six Bold Steps **WHOLE SYSTEM TRANSFORMATION** **Figure 38.1** Whole System

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

For the continuing transformation of the CLT, sessions were held six months and fourteen months after launch to assess and focus the team's development and create an organization strategy for the next two years.

For the rest of the organization, an elaborate ongoing 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. In addition, based on the feedback gathered after the waves, the internal consulting team felt strongly that the remainder of CES employees (80 percent did not attend a wave, about 4,670 employees) needed a "transformation experience" to connect with the desired future state, feel included, and become engaged in the change. A series of one-day sessions was designed and executed in a cost-effective way across the country over a period of four months to provide this experience and connect all employees to the common purpose.

A permanent transformation team of internal change agents was established from the beginning to plan, monitor, and re-plan the entire effort long term. They learned by doing, working hand-in-hand with the external consultants and assimilating 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 launch.

SOLID BUSINESS RESULTS: EVIDENCE OF CHANGE

Following the transformation launches, evidence in the measurements was seen immediately. The post-surveys and various indices were at the highest level in the broader corporation, much higher than ever in the past. The post-call evaluation survey results, a survey that the customers take when they phone a call center, started to immediately improve. Years had gone by with absolutely no movement and for seven months in a row, continuous improvement was shown, moving from 77 percent to 84 percent satisfaction.

Half-way through the year, there was concern about meeting sales goals, but after the waves, the numbers rose and CES eventually exceeded their sales goals by year-end. The organization experienced a positive change in the management of expenses. Without asking or giving direction, CES came in mil-

lions of dollars under plan, while investing more in advertising and providing resources back to the company.

A survey was conducted at intervals to measure the inclusion behaviors; focus groups were conducted with 10 percent of the population; and leadership “knee-to-knee” sessions were held to have intimate conversations to assess behavior change across the organization. These assessments, along with the yearly employee opinion survey, indicated collective behavior change in a strong seventy-five-year-old culture. The employee survey had the highest level of participation 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 as never before, with inspired enthusiasm and vigor—everything from department meetings, kick-off sessions, action planning teams, inclusion conversations, and business process changes across the organization. The masses were engaged in learning that their voices count, what they do every day counts, and their contributions are important to achieving CES’s business goals.

The CES transformation proved that, by systemically engaging the whole organization in the change process, significant shifts are possible in business results, leadership, and the culture of a large, long-standing Fortune 100 corporation. As we revel when we see a new butterfly before us, so does one as he or she witnesses the tangible results and “magic” of a whole organization transformed.

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