Designing Magnetic Organizations
in an
Age of Insecurity

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Loyal Personnel: We Need Them Now More than Ever

Ours is an era of discontinuity, rich in opportunity but also full of threat. Few assurances of the past provide an adequate point of reference for the future. Unlike the post-war era, everywhere we see uncertainty, dislocation and rapid change. All bets are off. Impermanence seems to characterize every relationship, even marriage. Organizations want--and expect--their employees to give 150%, but why would paid staff be willing to make this sort of commitment in such a time? In a previous era many employees experienced a deep sense of personal loyalty to their organizations. Is that sort of commitment an outmoded sentiment fit for the dust bin of history? *Why be loyal to an organization when self-centeredness and self-protection make such good sense?*

The organization that can recruit, train and keep a committed workforce of imaginative and talented associates possesses a distinctive competitive advantage in this type of environment.   Regardless of the type of endeavor, a work group with talent, loyalty and stamina can turn even the most harrowing of circumstances into a fulfilling adventure. Ultimately, this is a challenge of motivating people.

This motivational challenge is a very significant one for those who want to build and sustain successful organizations. However, there is an aspect of this current unstable situation that is more important than the need that organizations have to protect themselves from competitive threats:

> **Developing institutions that people love to be part of is a worthy goal in and of itself!**

Why? Because a "good society" is full of high energy organizations.   If a society's organizations are lifeless, bland, and inspiring little commitment, the life of individuals becomes empty. Under these conditions, the social system as a whole becomes vulnerable to simplistic, autocratic--and wrong--solutions.

Seen in this context, constructing *magnetic enterprises* that inspire the loyalty of skilled personnel without sacrificing high performance is a critical measurement of leadership competency at both the micro-level of the organization and the macro-level of the society.   Let's look more closely at the issue and what to do about it.

Both Stress and Opportunity are Loosening the Ties between People and Organizations

Often it seems that the whole world has deserted stability for turbulence. A cursory survey reveals multiple signs of divergence with the past:

- Markets have become internationalized, and competition has become global. Traditional barriers to entry (such as geographic familiarity) have fallen while new ones (such as information networks) have been established.

- The ascendance of the temporary workforce will only accelerate with the outsourcing of projects, the electrification of teamwork, the automation of the work processes and many other factors.

- Contradictory employment trends converge in the threat they pose for secure employment: Many segments of the workforce are unskilled for work in the emerging information economy, while, simultaneously, many organizations bid a high price for well-educated knowledge workers possessing specific technical or managerial expertise. An end to the international recession will accentuate the power of the well-prepared.

- Increasingly, families and communities are threatened by high performing couples whose working lives doesn't give them any time to be home together, let alone collaborate on the raising of children or participate in civic life. Everyone has to work but, marriage for a lot of people is spending twenty years blowing kisses at an absent mate.

- Complexity is also generated by new expectations being brought to working life. The rejection of traditional authority and the yearning for self-regulation that began with the upheavals of the 60s continues to exert myriad and complicated influence on the values and assumptions of workers at all levels of the social structure. Don't believe it? Look at the 350,000 people who went to Woodstock II.

- And, as if the dynamics of changing economics, technologies and demographics weren't adequate sources of turbulence, the fragility of the planet's eco-system is increasingly pressing for the attention of all of us.

Of course, complexity is no excuse for poor performance as far as organizational stakeholders are concerned. Shareholders will continue to expect an adequate return on the investment. Managers will expect efficiency and productivity. Customers will always demand quality, timely delivery and product support. Increasingly, society in general will require individual organizations and industries to grow in a sustainable fashion that doesn't invite erratic business cycle fluctuations or cause environmental damage.

Complex problems combined with incessant stakeholder demands create a pincer movement revealing great organizational vulnerabilities. When many men and women have the sense that anything and everything could come unglued, they have little reason to trust employers. Work contracts have become increasingly subject to change dependent on the vagaries of emerging and unpredictable circumstances. At the same time, there are many circumstances where personnel possessing distinctive competencies will exercise leverage in the organization/employee power equation. (Note the ability of eleven air traffic controllers to shut down all air travel in southern France a few months ago.) When organizations need loyalty and high performance from their talented people, it is likely to come at an increasing premium of salary and status in years ahead, especially as the skilled begin to coordinate their salary demands as we're seeing athletes do, for example.

This labile power context makes the point that the same factors that create alarm for some organizations generate hope and possibilities for others. Joseph Schumpeter, the economist, termed this rototilling dynamic "the process of creative destruction." This process has many implications. For example, the world is likely to become increasingly meritocratic as problem solving skills will be welcomed wherever they emerge. New markets and technologies create platforms from which new personal and organizational success stories can emerge. These brightened prospects for achievement will also increase the bidding for a workforce that can consistently get the job done. The skilled knowledge worker has many options.

So, this is a story laced with complex cross currents. From the vantage point of owners and management, this emerging context of the temporary organization has a number of advantages. For example, companies are in a position to run a project with a temporary workforce and then disband the crew without having to pay benefits. On the other, hand this approach is creating a workforce of unfettered free agents who can auction their skills to the highest bidder. How does an organization position itself as one the highly talented really want to join?

Hearts and Minds Yearn for Meaning

The turbulent weave of possibility and danger confronting human system demands wide-awake leadership. To build and keep a skilled workforce with an attention that's concentrated on strategic objectives, organizations must understand deeply (and act quickly on) both current conditions and future prospects in a way that excites action and commitment at a personal level.

Specifically, an organization's capacity for nimbleness is inextricably linked to its leaders' ability to understand and mobilize human aspirations. Real organizational greatness depends on inspired people--people who feel an intense dedication to organizational purposes and who have the skills they need to turn that commitment into relevant action. Organizations rely on people to comprehend and care about both their own work and the mission of the whole system. To mobilize this sort of performance, organizations must demonstrate that they care about the people who do the work.

What do leaders do? I think that leadership boils down to the ability to capture both the intellectual and emotional attention of their of co-workers. A leader knows how to influence others to pursue personal excellence through work that has a high organizational payoff. To influence people in this way, the effective managers I've known make it their business to be engrossed by what "makes people tick", and they are constantly expanding their repertoire of creative ways to satisfy those needs.[*]

A vignette makes the point about the importance of understanding motivation: Recently many were surprised by the speed with which Los Angeles' earthquake-crippled Santa Monica freeway was rebuilt. The project came in ahead of time and under budget. Union members who would normally work only a standard eight hours with 1.5 hours for lunch and breaks were working seven days a week for up to twelve hours a day because they wanted to. Certainly there were many excellent financial incentives associated with this project. But its success derived from more than material motivation. One

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[*]The perceptions on this question developed here are drawn from over fifteen continual years of educational collaboration with influential and committed change agents and organizational community builders. Men and women like Jim Putnam, Tom Putnam and Paul Huyffer of the Markem Corporation, Marilyn McMillan at MIT, Ron Newbower and Penny Ford of the Mass General Hospital, Harvey Greenberg of Polaroid, Angelo Lamola of Rohm and Haas, and Steve Stulck of the Shipley Company act as exemplars for our thinking.   Each has demonstrated a degree of mastery in the art of inspiring people to express their greatness.

worker summed up the results this way: *"The bragging rights you get from this job you keep your whole lifetime. We're the people who put LA back to work."*

Compare that attitude to the apathy, sloth and confusion we all encounter so predictably in everyday life. The people on this job didn't change their personalities, but their context was enriched with the opportunity to make work more meaningful. Millions of people would give their eye teeth to be part of a project which has this sort of effect! The search for meaning is a facet of human nature that transcends social, economic and technological change. Experiencing one's self as having an impact on something important has been, is and will be the antidote for resignation, cynicism and nihilism. Why do we have to wait for a crisis to bring out the best in people? Create a meaningful context and magnetize a loyal workforce! one that will want to work with you on the next project.

Characteristics of Magnetic Organizations

What are the cornerstones of organizations that help people express their predisposition toward efficacy? Organizational "architects" who want to construct systems that withstand the turbulence of complexity need answers to that question.

Often commitment facilitating factors are present only temporarily, as illustrated in Tracy Kidder's *Soul of a New Machine* story about Data General or in Apple's original Macintosh™ development team. On the other hand, sometimes elements of the recipe seem to pervade an organization's culture, as with Herman-Miller, Ben and Jerry's Ice Cream, Microsoft, Hanover Insurance (during Bill O'Brien's administration), NASA (during the Apollo years), Whole Foods, Silicon Graphics or Harvard University.

A list of organizations who elicit allegiance from their members is too numerous to generate, illustrating the important point that *the styles of these more or less complete success stories can vary widely.* The energetic society is not a homogeneous one. Strikingly, even partial achievements reveal the power of what happens when an organization encourages, allows (or even just tolerates!) people to actualize their own greatness in the context of an organization's strategy. The human spirit is so strong that its creativity and talent need only the slightest bit of positive energy to burst out. Imagine what a holistic approach to designing an affirming organization might accomplish!

A comprehensive approach to caring about and challenging people has three interpenetrating levels:

- Organization-wide

- Team based, and

- Individual.

At an organizational level, leadership in an era of temporary relationships means establishing a tone and a mission that excite the workforce. At the team level, leadership means creating energetic and participatory environments that people want to join. And at the individual level, leadership manifests itself in dialogic relationships that result in growth and pleasure. What do these competencies look like in more detail?

At the Organizational Level....

Unless organizations can quickly harmonize individual energies with organizational purposes, over time they'll lose their best people and not make good use of those who remain. Therefore, magnetic organizations become like a living entity with a particular "feel" and consciousness. They demonstrate these qualities through their:

- *Strategic intelligence,* i.e., they know what they are good at and they build on their strengths in a consistent fashion that allows them to arrive at and maintain a high power status.

- *"Robustness"* i.e., the intellectual and emotional ability to manage many different sorts of pressing environmental conditions. They thrive regardless of the "weather" of the day they confront. They have an "open systems" mentality which enables constant inquiry, learning and growth in the context of turbulent circumstances. They like to get "up close and personal" with their customers and suppliers. Life has an adventurous quality. They are like a kid with ruddy cheeks who's just come in from three hours of playing in the snow!

- *Confidence in the importance of what they are doing, and pride in how they go about their work.* In other words, they are guided by a vision that unifies a compelling/achievable mission with an unequivocal commitment to people. Life inside high performance organizations has a "mythic" quality. People know that they have a special role to play in accomplishing something beyond what they could do as individuals.

- *Strategic awareness of the global economy.* They are excited by the shift in the paradigm of human consciousness from one which has traditionally been local and parochial to one which is becoming increasingly global and complex. They are students of both the opportunities this shift presents and of the inevitable fractiousness and false steps that attend it.

- *Ease in "reframing" tactics in order to comprehend their situation from multiple perspectives* . The leaders of magnetic organizations are constantly looking for the interpretation of events that will galvanize the workforce behind constructive action.

- *Mastery of the information systems required by their vision*, i.e., they absorb information, analyze it, make decisions, and transmit it to membership in a fashion that supports timely action.

- *Connection to--and responsibility for --the communities that they are part of*, ranging from the families and significant relationships of the workforce to the local arenas in which they are active to the larger world society that is our common context. Magnetic organizations know how to think globally and act locally.

At the level of the individual, the leadership of magnetic organizations tends to be highly sensitive to the desire of everyone to learn and to be heard. Individuation of this sort happens when there are...

- *Opportunities of all sorts for each and every member of the system to experience empowerment and manifest their "special genius".* Support is given to individual initiative that will advance the developmental agenda of each organizational member. Everyone is encouraged to assume positions of authority and autonomy.

- *Compensation arrangements make it easy to earn an excellent income.*

- *Work projects are tightly connected with the developmental priorities of the personnel involved.*

- *Good listening and honest feedback are second nature.* Authenticity, curiosity and imagination are highly valued. Every member of organization is trained to listen to each other and to customers and suppliers in a really thorough fashion. People learn to get beyond their opinions about people and situations by sticking to the

"descriptive data". Mutual respect--and the potential for partnership it generates--is the basic assumption co-workers bring to their interactions.

- *Power holders --and especially the formal leadership--walks the talk.* Good leadership is synonymous with: creating conditions where everyone can shine, encouraging exploration and appropriate revision of basic organizational assumptions, and welcoming innovative approaches to strategic problems.

At the team level, people are eager to join groups when...

- *Teams are an organization's pre-eminent structure.* Magnetic organizations are organized into teams of various permanence and structure. The members of these teams accept the challenge to know their jobs inside and out and possess a sincere motivation to do excellent work. Team members are in the same boat.

- *Every team is encouraged to act with autonomy.* The team that fosters cohesiveness has a compelling purpose. Its activities are clearly important strategically to the whole organization. It is free to make choices in the methods it uses to achieve its results. All the members of the team feel a degree of participation in decision-making processes relevant to their work.

- *The contribution that diverse cultural, ethnic and racial backgrounds can make to team effectiveness is truly appreciated,* especially when the market for an organization's goods or services is comprised of a diverse population.

- *Conflict becomes a source of group learning.* Not all forms of argument are tolerated, but rich conversations among differing points of view are expected before implementing decisions.

Just as these organizations and their members emphasize certain goals and processes, conversely *they consciously don't:*

- *Shrink from "taking a stand" in support of the organization's vision,*

- *Question the link between an individual's personal and professional development,*

- *Fear critics,*

- *Constrain information flows in ways that keep people from knowing things that will help them do their jobs better,*

- *Distribute unfocused, anxiety-provoking data willy-nilly before its been coded into information that is useful to the recipient. They don't presume that unplanned or non-existent feedback structures will work.*

- *Rely on fear and abuse to dominate individuals or groups.*

- *Prohibit fun, playfulness, and experimentation.*

- *Reward individual achievement in a way that fosters destructive interpersonal competition.*

- *Discriminate on the basis of uninspected stereotypes.*

Organizational Design Tools

Leaders want to know: How do organizations develop and maintain a magnetic quality?

In thinking about this question, I am reminded of once hearing organization development defined by a client as "whatever my most recent consultant told me it was." Notwithstanding the kernel of truth in this facetious remark, I believe that there are four basic phases to a strategy for building highly attractive organizations:

1. *Energizing*: Heightening awareness of current conditions and promoting needed change.

2. *Strategizing:* Experimenting with ways to eliminate barriers and emphasize strengths

3. *Exercising:* Focusing on methods that are showing promise and developing the skill set needed to support them.

4. *Institutionalizing:* Internalizing new values, attitudes, processes, structures and behaviors deep into the organizational psyche.

Of course, this typology is an oversimplification of a very dynamic reality, but it may still serve us well. Let's look at the work of each of these phases in somewhat more detail.

In the *Energizing Phase* we find that magnetic organizational cultures look a lot like high-impact movements in the world of art, such as Cubism in terms of the attention they pay to themselves. They consciously reflect on themselves in order to enhance their distinctiveness as human systems. They consistently develop information about the capabilities of the organization at every level in terms of environmental trends.

They use high involvement self-study and action planning activities build organizational loyalty by engaging personnel in the process of developing a full diagnosis of an organization's situation. A internally directed diagnosis which is understood and "owned" by the participants can be used to create a platform for "total quality" planning.

Examples of these self-study activities include:

- Idea Factories™ and "perception groups" that enable those involved to generate quickly their own descriptions of their condition and action priorities; and --interviews that generate the participants' "rich description" of their work situation;

- Detailed analytical reports that explore issues of importance to organizational members and put them into the context of various conceptual frameworks used to build high performing, human-centered organizations,

- Survey instruments to stimulate thinking about high priority organizational issues.

When leaders invite others to join them in articulating a compelling vision to guide the organization, they create another vehicle for energizing the system and making it personally meaningful to each individual member. Specific vision development strategies include:

- Facilitated environmental scanning via such programs as Marvin Weisbord's Future Search Conference and "educational tours" to develop benchmarks,

- Constructing a mission statement,

- The Peak Work Experience exercise (i.e., a structured discussion of what made for a great time at work), and

- Training in championing a vision.

The *Strategizing Phase* builds upon the insights developed during the Energizing activities. Magnetic organizations are always working on some domain of their existence, not necessarily "improving" it, but rather maintaining or enhancing its *vitality* and attractive quality. *So the strategizing phase is one where various design options are visualized and "rehearsed" in order to arrive at a plan of action and a way to measure outcomes.* It is particularly important during this phase that people whose lives will be affected by the outcome of an experiment be involved in some way in the actual planning of the experiment. Of course, designing organization development experiments is an on-going activity in a system intent on learning, so there is no neat compartmentalization of these strategizing activities to a particular time frame.

Implementing the strategy will usually emphasize some specific skill-building activities during the *Exercising Phase.* Often, the key role played by personal relationships in magnetic organizations will be highlighted in the activities of the earlier Energizing Phase. The word "trust" frequently comes up during these investigations. Magnetic organizations explore communication processes to develop a truly profound understanding of how interpersonal and intergroup influence occurs.

The principle of mutual respect is a starting point for enhancing excellence in interpersonal relations: What does it mean to respect others as you do yourself? How does one develop such a stance toward others in the fast-paced, stressful context of work? How can we get past fixed "mind sets", especially those that are negative and rooted in cultural stereotypes?

Specific strategies for enhancing mutual respect include:

- Conceptual inputs and personal reflection on the workings of the mind and how rigid *mind sets* can go unnoticed and obstruct the healthy discussion of ideas

- Advanced training in collaboration and negotiation using the Chris Argyris and Don Schon's *learning case* enhanced by videotaped role plays of interactions followed by feedback,

- Simulations, such as Power and System's *Organization Workshop*™ designed to illuminate systemic dynamics, i.e., how current conditions reflect underlying forces that need to be clarified to identify high leverage strategies for change or reinforcement.

- Digging into personal motives through *one-on-one coaching sessions.* What sort of values are people trying to manifest through their working lives? How does one create/choose action priorities that reflect one's core values? How do people maintain focus when faced with a world of multiple and conflicting sources of stimulation? What empowering steps can individuals and groups take to remain faithful to their values, goals and objectives, regardless of the conditions around them? How do all of these factors reveal themselves in an individual's interpersonal style?

Clarity of mission and quality interactions facilitate the functioning of group life, but they are not enough to generate culture with a culture of meaning at the organizational level. During the *Institutionalizing Phase,* a deep internalization of the learnings derived through experimentation occurs when leaders initiate changes in basic systems through which work gets done, for example:

- Design feedback and appraisal systems to create big jobs (i.e., ones that really require a desirable developmental stretch), integrated work processes, and high personal standards of excellence. Structure projects so that there is ample room for growth and achievement, but don't create an overwhelming challenge

- Broaden reward and recognition systems so that all types of contributions are appreciated

- Provide tools that enhance group problem solving by increasing involvement in the process. Make the stages of that process clearer and, therefore, less confusing. Encourage creativity, thoughtfulness and thoroughness at every stage of a group's work.

- Create structures that increase the sense of partnership between the organization and all of the constituent groups in its environment, e.g., the local community, suppliers, and especially customers, etc..

Obviously, this is not a encyclopedic listing of strategies for constructing magnetic organizations. Further, each of the tools mentioned here should be elaborated more thoroughly and illustrated with an vignette describing their impact in specific situations. However, there is enough here, hopefully, to provide a sense of what the tools are at various stages in the life cycle of an ambitious organization development project.

These tools are the human system process design "equipment" to take along when heading out on that white water rafting adventure called organization building. They will come in very handy for leaders who want to attract talented personnel to their organizations. They are ideas, strategies and devices for magnetic organizations. They enable people to derive significant personal meaning from the work they do for others regardless of the duration of the contract.