

A RELATIONAL MODEL OF ORGANIZATIONAL CHANGE

Change agents looking for ways to improve organizational performance are often relieved to learn that the problems they currently observe in their organizations are not simply caused by “bad people.” They are relieved to learn that outdated organizational structures contribute to the siloed behaviors they observe, and that these structures can be redesigned to better support relational coordination, coproduction, and leadership.

These same change agents can be overwhelmed, however, by the sheer number of structures that influence relational coordination, from hiring and training to performance measurement and rewards to information systems and protocols to job design and conflict resolution practices. Sometimes they glaze over and disengage, or they seek to achieve relational coordination in their own way based on their hunches about how to build it. Oftentimes they ask, “How do we get from here to there?”

TRANSFORMING STRUCTURES

At first, I thought the answer to that question was obvious, based on the research we learned about in the previous chapter. With a fair amount of confidence, I would respond, “If you adopt these organizational structures, the three relational dynamics will be transformed, and your performance will improve.” Often, the change agents responded, “Sure, that makes sense but where do we *start*?” I would explain further that changing one structure at a time was not sufficient—that because of the interactions between the structures, the whole set of structures must be changed at once to reinforce the new relationship patterns in a consistent way. It makes no sense to invest in new structures

to hire and train for relational competence, for example, if accountability and rewards continue to be based solely on functional expertise.

At this point, they would look at me warily and ask, “How can we possibly change all of these structures at once? We would need a lot of buy-in and a lot of resources—and these ideas are still new for our organization.” My response was, “Of course, you will need support from top management to move forward.”

Given the looks I got, I began to feel that my responses were not helpful and therefore not “true” in some important sense.¹ I started to wonder. The responses I was giving were consistent with a large body of research. As we saw in the previous chapters, researchers, including myself, have found that organizational structures shape relational coordination—for better or worse, depending on their design—and that these dynamics are associated with high performance on a wide range of outcomes. This research accurately captures a snapshot of organizations at a given point in time, based on cross-sectional research methods. However, we had not captured the dynamics of change over time, and we had not yet learned much about *how that change occurs*. People who study organizational structures, like myself, tend to be experts in human resource, operations, or information systems management with a good understanding of structures and performance but with less understanding of organizational change.

Many change efforts do indeed begin with structural interventions—the adoption of a new information system or a new accountability or reward system, or a new training program. Often, these structural changes are initiated by top management in response to competitive pressures, management trends, shifts in the regulatory environment, changes in technology, or changes in customer demand. There are good reasons for the new structures to work, based on the evidence. Yet workers often reject these structural innovations like shoes that don’t fit, or they simply go through the motions of compliance. Worse, these innovations cause resentment and resistance when people feel forced into new behaviors that do not fit their well-established patterns of interaction or their professional identities—or when the changes take up valuable time when they are already feeling overstressed and overworked.

TRANSFORMING RELATIONSHIPS

My colleagues with expertise in organizational learning, culture, and change had a different perspective to share. Together, they helped to focus more on the relational dynamics of organizational change. They did not seem to believe one should start with structural change, even if you *could* change all of the necessary structures at once and even if you *could* get all key participants to support those changes.

These colleagues reminded me that relationship patterns are embedded in our professional and personal identities and in our organizational cultures. In fact, this relational perspective was already part of how I saw the world. My undergraduate thesis many years earlier was titled “The Socially Embedded Human Subject: A Moral Standpoint for Achieving Social Justice.”² As a political philosophy student, I had argued that even our identities as individuals are created through mutual recognition with others, and that these relational identities create obligations to one another.

Ten years later, my dissertation on the flight departure process and then my follow-up study of the patient care process identified the dynamic of relational coordination, along with new ways to “see” relational networks and to assess how they shape performance outcomes. My reading of Mary Parker Follett, as well as of Jean Baker Miller and her colleagues at the Stone Center, deepened the relational perspective I had developed in my younger years. But while I took relationships quite seriously, I saw them as shaped by structures and therefore as changeable primarily through structural change.

I came to realize, by talking with my organizational development colleagues, that changing structures would not be sufficient. To the extent that our existing relationship patterns are siloed and hierarchical, it is difficult for us to fully embrace or even to know how to make use of the new cross-cutting structures that support relational coordination, coproduction, and leadership. Because these new cross-cutting structures don’t fit our existing relationship patterns, we are likely to adopt them only superficially and temporarily, like a new flavor of the month. The new structures are like transplants that are poorly matched to the organization and its participants. It is therefore no

surprise when they are ultimately rejected, leaving people cynical when they don't work.

Whether workers have high status or low status in the organization, and whether they have much power or little, they cannot be forced to do things that do not fit with their existing relationship patterns and identities. Workers typically have sufficient power to resist, whether actively and verbally or passively and silently. Even when they do choose to use their power to embrace change rather than resist it, they may lack the relational networks needed to effectively implement the new cross-cutting structures.

An alternative approach is to start our change efforts, not by transforming organizational structures but by transforming ourselves and our relationships with each other. The established methods range from T-groups to appreciative inquiry. At the heart of these methods is establishing psychological safety—creating cultural islands, relational spaces, safe containers, or holding environments in which participants can develop new ways of connecting with one another, aided by skilled coaching, role modeling, and facilitated dialogue.³

These insights struck me as powerful. Inspired, I agreed to partner with colleagues who had the relevant knowledge to turn relational coordination from a research tool into a tool for organizational change. With them, I founded the Relational Coordination Research Collaborative. I wondered whether they would see as I did the need for systemic structural changes in addition to relational interventions. I also wondered whether a focus on relational interventions could become too disconnected from the work—producing good interpersonal connections among participants but failing to transform the way people work together on an ongoing daily basis.

PAYING ATTENTION TO THE WORK ITSELF

As we know, relational coordination, coproduction, and leadership are not about relationships in a generic sense—rather they are about communicating and relating for the purpose of integrating our work.⁴ Recall that relational coordination was first discovered in the context of flight departures, a process in which twelve distinct functional workgroups interact to achieve the goals of on-time performance, baggage handling performance, and customer

satisfaction while, at the same time, seeking to achieve high levels of employee productivity and efficient aircraft turnaround times at the gate. The relational interventions needed are transformations in the ways people work together. This means we need to “do” relational interventions in the context of transforming the way we work.

My colleagues in operations management had their own distinctive and compelling perspective on organizational change. Process improvement focuses on transforming the work itself through structured problem solving, using the tools of total quality management, Plan-Do-Study-Act, process re-engineering, lean, six sigma, and so on. As a professor who had taught operations management for over a decade, first at Harvard Business School, then at Brandeis University, I had a great deal of respect for the field. I had also been influenced by process improvement thinking as a student at MIT.⁵ Reading Deming and other authors had helped me to “see” the flight departure process when I first visited American Airlines at Logan Airport and to notice the task interdependence between the twelve functions and the coordination challenges it posed. Listening to frontline workers and their managers, I could see that American was organized into silos that were at odds with the performance outcomes they were seeking to achieve.

When we look at the history of process improvement, it is evident that its founders placed a great deal of emphasis on the relational dynamics underlying effective process improvement. “Measure the process, not the person,” Deming advised decades ago, attentive to the hazards of blame and blame avoidance, wanting to avoid the narrow functional goals and siloed thinking that performance improvement can foster and wanting instead to foster process-level goals and systems thinking.⁶ In that simple phrase—“measure the process, not the person”—Deming showed an appreciation for the importance of improving work processes in ways that foster problem-solving rather than blaming communication, shared goals rather than subgoal optimization, and shared knowledge rather than fragmented knowledge. The Toyota Production System incorporates many of these elements and goes a step further by including “respect for people” as one of its core principles. Even Steven Covey points out, “A cardinal principle of Total Quality escapes too many managers: you cannot

continuously improve interdependent systems and processes until you progressively perfect interdependent, interpersonal relationships.”⁷

Practitioners sometimes lose that appreciation for the relational underpinnings of process improvement, applying the lean and six-sigma tools in a vacuum. Some have learned from experience, however, that process improvement tools do not work particularly well by themselves. My colleague Robert Hendler, as chief medical officer at Tenet Health Systems in Texas, noted, “We’ve been doing process improvement for several years, and we think we’re on the right track. But we’ve tried a number of tools for process improvement, and they just don’t address the relationship issues that are holding us back.”⁸

Don Goldmann and Gareth Parry from the Institute for Healthcare Improvement pointed out that, in their experience, the organizations that struggle most with process improvement are those with low levels of relational coordination, in which participants lack a clear sense of shared goals, shared knowledge of each other’s work, and respect for each other’s work. Their communication is neither frequent nor timely, nor focused on problem solving. The organizations that adopt process improvement with greater ease and more successful outcomes, they believed, were those that started with higher levels of relational coordination.

Consistent with this insight, Earl Murman and his colleagues from the MIT Lean Advancement Initiative developed an approach to lean that includes relational coordination explicitly, labeling it the “Soft Side of Lean.” Walter Lowell and Kelly Grenier of the Maine Department of Health and Human Services Office of Lean incorporated relational coordination into their lean training, inspired by Murman’s work, their reading of *The Southwest Airlines Way*, and their own experiences. The fundamental premise of process improvement is its focus on horizontal cross-cutting processes, following the value stream through while value is created. This method thus has the potential to counteract and provide insight into overcoming the vertical silos of traditional bureaucracy, to create a new organization design. However, it does not always work that way, according to critics. As systems thinker Russell Ackoff notes, “Most applications of improvement science are directed at improving the parts, but not at improving the whole . . . [As a result] the parts don’t form a system because they don’t fit together.”⁹

Perhaps this is true because we often use process improvement methodologies to achieve a narrow definition of efficiency without having a sufficiently broad view of what the problem really is or what our purpose or goal really is. This analysis suggests one other potential limitation of process improvement as it has been conceived and implemented—the focus on identifying and eliminating defects. According to Ackoff, in order to improve the whole rather than simply the parts, “improvement programs have to be directed at what you want—not at what you don’t want.” This means a fundamental starting point for an improvement process is to achieve clarity on the shared purpose.

It is essential to engage in this systems thinking without losing sight of the fundamental contribution of process improvement—seeing and strengthening the horizontal connections through which value is created. I am not suggesting that we reject process improvement but rather that we expand its scope. I am suggesting we need to cast our nets wide enough to see the potential upstream drivers of the processes we are trying to “fix”—to avoid fixing a piece that is too narrow to address the real goal or purpose that we might ideally want to pursue for the sake of efficiency and quality more broadly understood. In some cases, a large group intervention may be needed to visualize the overall work process and to identify the most promising levers for change.

FIX THE PEOPLE, OR THE WORK PROCESS, OR THE STRUCTURES?

In organizational change efforts, these three perspectives—people, work process, and structures—often clash. When organizations face performance challenges, leaders sometimes debate whether they are due to incompetent people or poorly designed work processes or poorly designed structures. Some leaders will blame their people, while others will examine the siloed work processes and structures that make it difficult for even “good people” to be effective without constantly inventing and implementing workarounds. Often, these people and process issues are difficult to disentangle. Much of the science of process improvement has been designed to focus our efforts on improving the processes instead of blaming the individuals who are caught in those processes, consistent with the teachings of Deming.¹⁰

I observed this debate in one of my early interviews in the airline industry, talking with the Boston station manager for American Airlines, Lynn Heitman. A few years earlier, Heitman had been a promising mid-level financial analyst in the human resource department at American Airlines headquarters, when she found herself in a heated argument with CEO Robert Crandall. He had just spent a day in the field at Dallas/Fort Worth International Airport, presumably to show support for the frontline and to gain insight into the nature of their work. Upset by his experiences, Crandall convened his management team that weekend and argued with conviction that American had too many incompetent employees.

Heitman had been observing another airline headquartered in Dallas—Southwest Airlines, which was building a reputation for cross-functional teamwork, superb operational performance, and highly satisfied employees and customers. Based on what she was learning from colleagues there, Heitman suspected the problems Crandall had observed went much deeper than incompetent employees. She questioned his conclusion and asked whether American might need to change its systems of accountability to better support teamwork. She argued that American should not be organized in such a way that heroic efforts were required to achieve performance outcomes, and that instead its systems should be designed to support teamwork. Surprised by her ideas—and also by her willingness to articulate them—Crandall challenged her to prove her argument and to submit a report to him within a week. The vice president who was Heitman's immediate supervisor was very upset with her; Heitman told me later that she suspected she was facing imminent demotion. She was right.¹¹

A similar argument occurred more recently at the Lehigh Valley Health Network in Pennsylvania. The primary care clinics there had recently begun a journey of organizational change toward the so-called patient-centered medical home, intended to coordinate care around patients' needs to promote health and wellness in a more holistic way. This new patient care model is part of a larger trend in the United States and beyond, but it is challenging to achieve.¹² Toward the beginning of the project, one frustrated physician leader argued that “we have the wrong people—we need to start over.”

Krista Hirschmann, who directed a center at Lehigh Valley Health Network that supported the development of patient-centered medical homes, responded that the problems the physician leader had observed were sufficiently widespread that they might indicate problems with the clinic's systems—not just its individual employees. She pointed out, “There were no standards for how people were doing their work. It was very inefficient. The relational coordination data also showed a huge gap between the front office and the back office. We needed to develop our work processes, not just get rid of people.”

According to Hirschmann, her lean colleagues shared her view of the importance of relationships:

Relationships are absolutely essential for lean. We can set up these beautiful processes, but if people aren't communicating well, the processes we develop will not be sustainable. You need the shared accountability, the clarity that it's about the patient, the ability to have the conversations about what we need to do to achieve our shared goals, for lean to work.

Both arguments made sense. Sustainable success on the people side is likely to depend on having supportive structures and high-functioning work processes in place. But to develop high-functioning work processes—and to develop supportive structures—requires positive working relationships.

In the same clinic, it turned out that there were numerous areas for improvement, with one role in particular that was in need of repair. Hirschmann explained:

One of the staff members was playing a kind of negative boundary spanning role. She was talking with the back office [clinicians], undermining the front office [administrative staff]. She was talking with the front office, undermining their confidence and undermining the back office to them. We needed to help her see how what she was doing was breaking down coordination between front office and back office. Ultimately, she needed to move elsewhere in the organization to get a fresh start.

Hirschmann and her team of practice coaches realized there was more to change than this particular role or the particular individual in the role. In this clinic, as in several of the others, it turned out goal alignment was a problem in part because of the existing structures of accountability and rewards:

The goals are not in alignment. The goals for physicians are based on patient satisfaction. The goals for the front office are based on workflow. They are not mutually supportive of one another's goals. Physicians are graded on their patient satisfaction, but the rest of the patients and the practice can fall apart. Who is getting rewarded for what is not consistent with good relational coordination—or achieving the desired performance outcomes. Physicians are fully engaged with their patients but not with their colleagues. So we got physicians and nurses and front office to identify their shared goals.

Pressures from healthcare reform more generally were pushing physicians and other clinical disciplines from their highly valued autonomy toward interdependence, just as pressures from deregulation and global competition had pushed pilots and their colleagues in other functions from autonomy to interdependence. Managing that interdependence required attention to the whole system. One of the primary care physicians at Lehigh Valley Health Network explained, “It’s not just about what happens between you and the patient in your exam room anymore—it’s about the you, the patient, and the whole team.” However, there was an invisible power dynamic that was preventing communication between physicians and other members of the patient care team. Hirschmann reflected, “It was such an ‘ah hah’ for the physicians to see the disparities in perceptions and experience. They didn’t even see it before. They asked, ‘How could anyone be afraid to give me feedback? I’m one of the most approachable people I know!’”

This blindness is often associated with invisible privilege, which occurs when people with power do not see that they have it or how it affects their interactions with others. In Hirschmann’s view:

By having conversations about new processes for standard work, like how to take a phone note, participants got a glimpse into each other’s worlds and saw what details made a difference to the other and how the lack of consistent training and process among the staff made them look incompetent to the physicians. Once the process was consistent, communication improved, trust built, and feedback was easier to offer both ways because the data was now about the process and the not the person. I think that’s the heart of how lean and relationship work mutually reinforce each other.

Through this combined relational and work process intervention, Hirschmann and her team were able to help the physicians to see—and address—the impact of their power and privilege on communication patterns.

ANTICIPATING THREATS TO HIERARCHY AND PRIVILEGE

Clearly, there are advantages to paying attention to both the social system and the technical system. But there is a potential stumbling block. Will changes to the social system have any chance of succeeding given the hierarchies that characterize many of our organizations? Recall the obstacles to relational coordination introduced in Chapter 1. All of these obstacles, at their core, were about the disruption of identities shaped by hierarchy and privilege. Alasdair Honeyman of the King's Fund in the United Kingdom reported finding that relational coordination was perceived as threatening in hierarchical organizations that he worked with.

I observed this firsthand a few years ago when I was invited to introduce relational coordination to a multidisciplinary group of about sixty participants from the Japanese healthcare industry, led by several powerful physician leaders. As participants engaged in a relational mapping exercise, identifying areas of strong and weak relational coordination, the nurses, pharmacists, therapists, and case managers in the group played a particularly enthusiastic role, especially the younger ones. But when they reported back, sharing their insights openly with the larger group, I began to sense tension in the room. Several of the physician leaders requested to meet with me at lunch, when I was told, “We don’t need relational coordination in Japan. Doctors here communicate very well with each other.” It seemed that they felt threatened by the conversations that had opened up.

Perhaps this is not surprising. When we introduce the three relational dynamics, we invite participants to reflect on their current patterns of interrelating and to recognize that co-workers create value through these patterns of interrelating with each other, their customers, and their leaders. Why is this a threat? Once workers see how value is created, they may ask to be recognized for their central role in creating that value and to receive a greater share of that value. This sharing of power, recognition, and rewards can be threatening to

people throughout the hierarchy. Those who embrace the new developments may risk being marginalized or even penalized by their peers, their boards of directors, government regulators, the financial analysts who recommend that their company's shares be bought or sold, and by other stakeholders they rely on for resources.

A former corporate executive described his experience as the leader of a unit in a large multinational corporation. Under his leadership, the unit had achieved unusually high levels of customer satisfaction. By sheltering people from the corporate hierarchy and giving them the freedom to innovate, he observed high levels of relational coordination emerge within the team and high levels of relational coproduction with their customers, driving performance to previously unattained levels. Then, the arrival of a new CEO posed a threat to this experiment.

The new CEO was a very strong central control guy—he had no interest in people whatsoever. And so my ideas made no sense to him. My direct boss was a board member who had much bigger fish to fry. So, as long as we were keeping our customers happy, he didn't care how we did it. And so I basically had unusual latitude to do whatever I thought made sense.

It was a bubble in which he had been able to innovate without being subjected to external critiques. "A couple of my customers' managers were really intrigued by what we did, and they liked it, so when the new CEO tried to shut it down, they got up in arms and tried to keep it going, but they didn't have any influence." As his unit was being shut down, he became acutely aware of the limitations of innovating at the frontline without active support from top management. The lesson, from his perspective, was that top managers who do not believe in this new way of leading and creating value will make it difficult to sustain and nearly impossible to roll out beyond a single unit.

What you are doing in a case like this is you are taking a blood type A organ and trying to put it in a blood type B system, and that system—that hierarchical control system—is going to reject it. It's not exactly clear how it will reject it, but it is a very powerful system that's going to reject anything that threatens its core assumption, which is that management control of employees is essential to create order and prevent chaos.

For this approach to succeed, he argued, “the CEO has to truly believe that there is no need for hierarchical control and that there is tremendous potential here if I can help my employees self-control and self-coordinate their activities.”

In short, relational coordination, coproduction, and leadership can be threatening to top management because they challenge the deep-seated belief that hierarchical control is needed. This belief is at the core of bureaucratic organizational cultures. Moreover, paying attention to the three relational dynamics shifts the focus to workers’ and even customers’ role in value creation, challenging the view that leaders are the primary force in value creation.

If relational coordination threatens the identities and interests of some participants—especially those at the top of the hierarchy—how is this obstacle to be overcome? The answer is not rocket science, but neither is it easy. As Ed Schein and others have suggested, *not* changing has to be seen as more threatening than changing for progress to be made.¹³ One example arose in a Brandeis University workshop for the American College of Surgeons. One senior surgeon leader looked quite frustrated and impatient during a seminar I was leading on relational coordination. At one point, he burst out, “Sure this all sounds great, and sure I’d love to share power with the rest of the team. But I can’t. No matter what happens, it’s just me who is responsible for the outcome.” Several of his fellow surgeons raised their hands and argued, “Yes but you can’t do it yourself—it’s too complex. The only way you can get the outcomes you need is to share your power.” His colleagues were right—there is often a need to shift to relational leadership in order to achieve the desired performance outcomes. But existing structures of accountability also need to be changed to better support the three relational dynamics. To address these complex challenges, a multi-interventional approach to organizational change is needed.

A RELATIONAL MODEL OF ORGANIZATIONAL CHANGE

The Relational Model of Organizational Change, first developed by Amy Edmondson, Ed Schein, and myself, proposes that three types of interventions—relational, work process, and structural—are needed to transform role relationships in a positive and sustainable way.¹⁴ *Relational interventions* enable participants to transform the way they see themselves and their role within their organization. Relational interventions include building a safe

space in which to experiment with new ways of interrelating. By identifying shared goals and expanding shared knowledge, it is possible for participants to become more respectful of one another's roles, supporting more frequent, timely, accurate, and problem-solving communication among themselves.

Relational interventions are not expected to be sufficient, however. To achieve positive sustainable changes in role relationships, the model suggests that *work process interventions* are needed to apply the new dynamics to the work itself. Participants can use work process interventions to assess the current state, identify the desired state, and experiment to close the gap between the two states. Work process interventions enable participants to visualize the work they are engaged in and identify opportunities to redesign that work to achieve the desired state.

Even this is not expected to be sufficient. Combining relational and work process interventions can be powerful for changing dysfunctional ways of working together. But what happens when we get "back to work" and the structures we encounter for accountability, rewards, conflict resolution, meetings, protocols, and information systems put us right back into our little boxes? Each of us has likely heard of changes that cannot be sustained in the face of the traditional structures that pull people back into their previous ways of being, leaving them disillusioned, disappointed, and cynical. Organizational structures have an importance that we overlook only at our peril. These structures must often be redesigned to support and sustain the new culture and new ways of working together that are beginning to emerge. *Structural interventions* are needed to embed the new relational dynamics into participant roles.

Figure 6.1 illustrates how the three types of interventions are expected to work together synergistically to support changes in role relationships. In the Relational Model of High Performance shown in Figure 5.1, there was a one-way arrow between structures and relational dynamics. In Figure 6.1, the arrows in the Relational Model of Organizational Change go in both directions, suggesting that structural interventions do not create new relational dynamics, but rather are co-created with them, in a kind of bootstrapping process. Moreover, the Relational Model of Organizational Change suggests that new relational dynamics are themselves jumpstarted by relational and work process

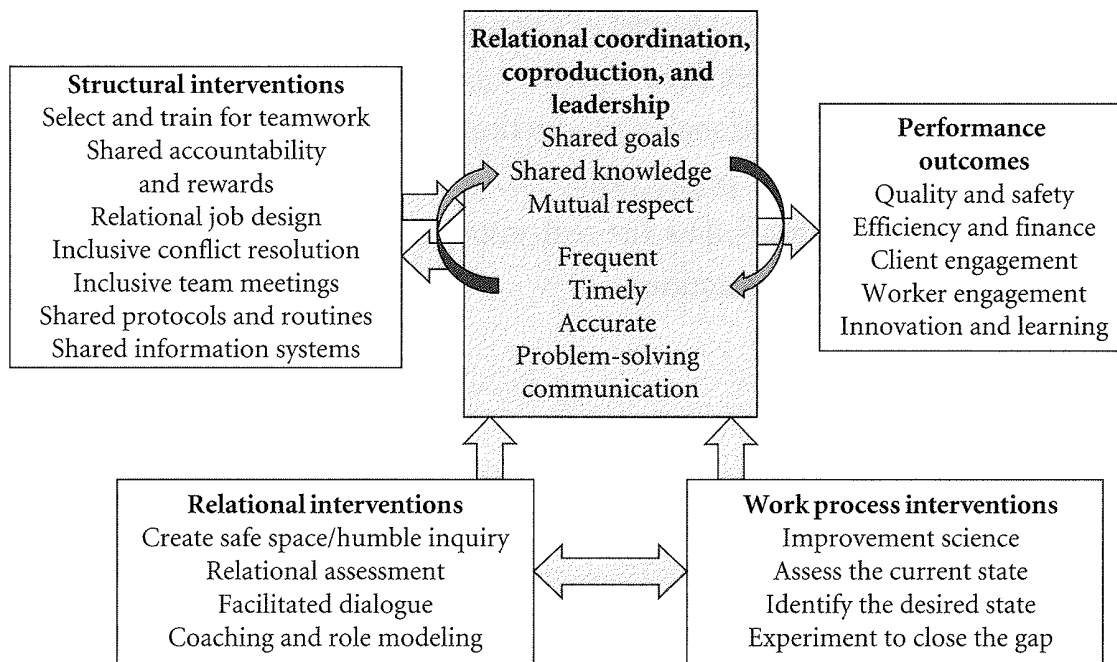


FIGURE 6.1 Relational Model of Organizational Change

interventions. While structural interventions are critical for embedding the new relational dynamics into roles of workers, clients, and leaders, these structures are not sufficient to create the new relational dynamics. Figure 6.1 thus builds from Figure 5.1 but reflects a more complete and nuanced understanding of the change process.

SUMMING UP

The bottom line is that each of these three interventions—relational, work process, and structural—is unlikely to be successful on its own. As we will see in our cases, *relational interventions* include creating a safe space to reduce the risks associated with trying out new role relationships, then diagnosing current relational patterns to open up a dialogue, learning among participants, supported by coaching and the role modeling of positive relational behaviors by leaders and change agents throughout the organization. *Work process interventions* include the use of process mapping, role and goal clarification, and structured problem solving to support changes in the work itself. *Structural interventions* include the implementation of cross-cutting organizational structures to hardwire the new teamwork dynamics into roles, to achieve

sustainability. The Relational Model of Organizational Change illustrates how these three types of interventions together can transform the dynamics of relational coordination, relational coproduction, and relational leadership, thus increasing the capacity of organizations to meet the performance pressures they are facing. Now let's follow the real-time journeys of four organizations as they put this model into action.