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Merger Mayhem Leads to Whole System Change

By Sherene Zolno

The consolidation of four mental health services providers under one umbrella led the board and leadership of the newly merged organization, First Health, a pseudonym for an actual organization, to seek assistance in designing and implementing a whole system change process. This article details the components of that process and the results First Health was able to achieve.

A Merger Turns Their World Upside-Down

First Health, an 800-employee, non-profit mental healthcare provider in the region north of Seattle, Washington, was actually created as a result of two rounds of mergers. Minimal planning preceded the first, that had occurred over a year previously, and was a merger of a non-profit organization with a for-profit organization. Still reeling from that debacle and desperately struggling to meet its responsibilities, the new company was merging with two more mental healthcare providers. Achieving their mission to heal the lives of children, families and adults in their community seemed a daunting, perhaps even an impossible, task in an environment of exploding population growth, increasing diversity, complexity, and demand for services. With dwindling resources from funding agencies and decreasing government support, with rising patient advocacy and questions about appropriate levels of staffing and service, with a too large new board of directors unsure of how to effectively

work together, and with cultural clashes occurring on the front lines, stemming from the diversity of values and styles of the merging organizations, First Health’s leaders understood that a large-scale, system-wide planned change was needed.

Working with a consulting team from The Leading Clinic of nearby Vashon, Washington, they designed and engaged in a process to link: 1) a practical approach to increasing organization effectiveness; 2) a program of leadership development designed to build a cadre of leaders with the capacity to catalyze the hoped for change; and 3) in-depth coaching to extend leadership and responsibility throughout the organization and the community. In the 12 month period that followed, guided by their consultants, the stakeholders of First Health created a new strategic intention and learned how to translate it into everyday practice. In addition, staff, board members and volunteers came together in a series of meetings and educational sessions to begin to resolve their differences and build commitment to their new vision.

First Community Meeting

The largest room in town could only hold 300, so that’s how many people came together. Managers, employees, board members, community patient advocates and representatives of government funding and regulatory agencies filled every table for the three day meeting. Called the “Action Transformation Conference,” (the AT Conference)

this gathering marked the end of an eight month developmental period for First Health, its leaders, managers and employees, and the beginning of a time focusing on aligning policies and procedures with their newly crafted strategic intention. First Health would be *a catalyst for creating communities abundant with healthy, caring relationships through all stages of life.*

The AT Conference was an exciting, energizing gathering. New partnerships were forged and important agreements about the future reached. First Health’s core values and core competencies—the platform from which the organization would launch its efforts to achieve its vision of the future—were clarified and used to inform the discussion about what First Health’s vision of the future needed to be.

One table group envisioned the organization in the year 2008 by saying, “People feel proud to say they work here. It’s an honor—a great place to be.” The process of getting to that point had required system-wide commitment to and participation in a multi-faceted, planned systemic change process—a true *whole system* change effort.

Whole System Change: Core Distinctions

Organizations sometimes must integrate demands from a wide range of stakeholders and make changes in their core processes, strategies and methods of doing business. A whole system change meeting is used when high levels of participation and cooperation are required to accomplish the needed changes. Usually all stakeholders or a significant number of their representatives attend the meeting and use max-mix discussion groups that span normal organization boundaries.

A whole system change meeting may be used to launch a change process, marking the end of old and the beginning of new approaches in organizational functioning. The capacity to bring large numbers of people together in a participatory process often enables change to occur rapidly. Because it affords opportunities for relationship

building across functions and levels in an organization, as well as with customers, vendors and community stakeholder groups, enhanced cooperation is an expected outcome of most whole system change meetings.

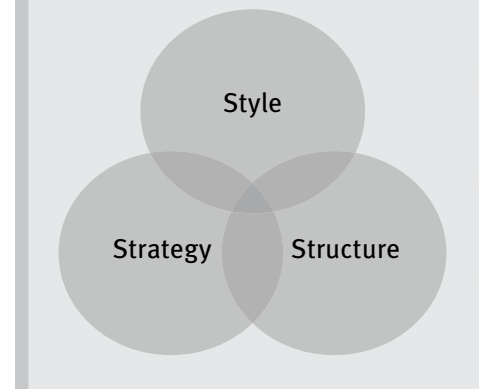
A whole system change process, on the other hand, is the integrated, system-wide, usually long-term, large-scale intervention that is designed to address the challenge of changing a complex organization, and ensuring that the change is sustained. As consultants and researchers, most of us are familiar with the change process that doesn’t last—kicked off with a fanfare and large scale event (usually a whole system meeting), followed by a short period of organizational focus, then forgotten as the business crises of the day draw away the leaders’ attention.

A well-designed whole system change process guides an organization as it considers and makes changes in multiple aspects of its system concurrently in order to achieve a critical mass of change, and thus the potential for truly sustainable change. While many organizations have held whole system change meetings, and while those meetings have reportedly had a positive effect on business processes and results, few consultants seem prepared to support an organization through major change, start to finish, addressing the organization’s different components in a coordinated fashion. This ability to guide whole system change—systematically—makes the 12-month structured process followed by First Health a unique and important model for others considering how to guide and sustain large-scale change.

The Field Assessment Model

Assessing themselves as an organization and coming to understand their system fully provided First Health with the platform they needed for launching their whole system change process. To accomplish this, First Health used The Field Assessment System model (see Figure 1), a comprehensive model designed to expand thinking about how organizations can be systemically viewed

FIGURE 1: The Field Assessment System



(system-as-a-whole), and systematically improved or changed (planned, coordinated change to affect the system-as-a-whole).

The Field Assessment System model illustrated the interconnectedness of elements that defined the organization. Using the model, First Health was asked to think of each of the three frames as a window through which to gaze into the organization’s life. The goal of this analysis, to understand the organization as a system with interrelating parts, required gathering information about the organization in each of the three Frames:

The STYLE Frame

The Style Frame is focused on assessing an organization based on the cohesiveness of its culture and the strength of its shared values.

The STRATEGIES Frame

The Strategies Frame focuses ones view on the organization’s vision, mission (or purpose) and its intentions.

The STRUCTURE Frame

The Structure Frame concerns one with viewing and understanding the organization by assessing how it aligns its goals, formal roles, systems and technology, i.e., the organization’s methods for deploying its human and other resources in achieving its purpose and intention.

To be effective, an organization (the “field”) must have a high degree of fit, or internal alignment among these three

Frames. What goes on in each Frame must be consistent with and reinforce what is going on in the others. Thus, to improve an organization, one would have to pay attention to all of the Frames at the same time, giving you a truly systemic way of seeing the parts and how they are adding up to the whole.

To change a system, the intervention must be designed to impact all three Frames concurrently or nearly concurrently.

Theoretically, all three Frames are interrelated—there is no starting point or implied hierarchy—so a change in one would have a ripple effect on all others. It would be impossible, therefore, to make a change in one area of organizational life (by changing the organization’s strategy, for example) without having an affect on all other areas. Learning this, First Health’s leaders realized that creating an entirely new organization out of the merged four, was not just a matter of devising a new strategy, restructuring various internal systems, or of changing management style, but of doing all three at the same time in a coordinated manner.

Twelve Month Commitment

The board and leaders of First Health committed to a year—twelve months of analysis and learning, of meetings, seminars, process alignment conversations and whole system conferences. They promised to bring the entire organization together in different group sizes and configurations, to identify their limitations and reframe them, to figure out how to access new levels of productivity, to begin creating provocative ideas about their future, and to generate new strategies for positively impacting their environment.

These components were co-created, organized and delivered over the one-year period.

Prior to engaging in the two whole system change meetings, off-site meetings were held for members of the Board to align their support for the change process. Representatives of the Board, as liaisons but also as stakeholders, participated in

leadership development and in other components of the process.

To guide the transformational change process, a “LeadTeam” was chartered, composed of representatives of all organizational levels and key departments. LeadTeam members were asked to focus on the entire system, rather than on the pieces they faced operationally day-to-day. To do this they were given the leadership tools for understanding, supporting and sustaining change.

Igniting Change by Engaging the Stakeholders: Whole System Change Meetings

The high white walls of the Elks Club were plastered with positive quotes in huge, colorful banners when 100 of First Health’s managers and supervisors arrived for the Appreciative Inquiry component of the whole system change process. This one-day meeting, co-facilitated with David Cooperrider, co-developer of the Appreciative Inquiry concept, initiated a process of inquiry into the strengths and core competencies of First Health. Scattered out among the tables sat the 30 LeadTeam members, who were planning to share their own learning as a way of contributing to the success of the day.

A particularly important moment came when one woman stood and spoke movingly and angrily about how painful it was to be a manager at First Health at that time—to be the one bearing to her staff the negative messages of job insecurity and diminishing resources available to get the job done that had been coming from the board and the leadership group. Even though she was supposed to heal others, who was going to care about healing her, she wondered.

In response, Dr. Cooperrider legitimized her concerns by suggesting that she work with others at her table to develop this inquiry into a topic for organization-wide inquiry. By putting hers (and others’) negative experience into the context of an inquiry into the strengths of the organization, a transformation occurred as it became clear that *being healers* was one

of the core competencies of First Health’s employees. They might use that strength to help them get through and even heal from these difficult times.

The resulting question for inquiry was stated as follows:

Preamble, Valuing Employees:

To heal the past and build a new future together, it is essential for each of us to tell our story of struggle, pain and challenges overcome, and to receive in return the same generous listening we extend in our best work with our clients. With our feelings and needs acknowledged, and through the sense of strength and capability that comes from having each person’s contribution valued, respected and utilized, our organization can flourish. Then, as employees of First Health, we can truly create an organization that is making a difference in the world.

Inquiry:

Please tell me a story of when you felt honored, listened to and valued as an employee and how that enabled you to go outside of your own usual boundaries to make a special contribution.

How can we at First Health be even better at listening to one another and healing ourselves, so we can be open to an enriching, new future together?

Ultimately three topics for organization-wide inquiry were chosen: teamwork, quality care and service and valuing employees. Not only employees, but clients, patients and other stakeholders participated in the interviews. The resulting data that was gathered was used in the AT Conference as the basis for defining First Health’s core values and competencies.

As First Health communicated to all stakeholders in their “Recipe for the Future,”

“Put all the ingredients in one large room. Add a generous amount of participant questions and discussion. Mix in possibilities, creativity and dreams. Bake in the clouds for half a day, in the rain for a full day, and in the sun for half a day,” and the outcome is “5 Core Values; 5 Core Competencies; 1 Strategic Intention;

22 Next Step Action Plans; and abundant caring, working relationships.”

A copy of this recipe was mailed to all employees with a package of yeast labeled, “First Health Catalysts: Take this yeast and bake bread together. Create a feast and share the spirit.”

Sustaining The Change: Aligning Action With Intention.

Eight months had passed—with nearly 200 interviews of employees and stakeholders conducted, with an investment in many days of leadership training and development for board members, the leadership team, managers and employees, and with more than two months of planning, preparation and implementation of the AT Conference, First Health arrived at the final component of the whole system change process.

Believing that the difference between having a vision statement and becoming a truly visionary organization lies in creating alignment, the consulting team recommended that First Health translate their vision into concrete mechanisms. Since the policies, procedures and work processes of the organization are the infrastructure where intentions are translated into action, work teams of employees at First Health began training in the tools of process alignment. Their role would be to evaluate the infrastructure and recommend changes to move the organization towards its declared vision of the future.

How people were participating in the organization, how they were being acknowledged and rewarded, how partnerships were established and supported, how results were achieved—all were demonstrations of alignment, or misalignment, with First Health’s stated strategic intention, and thus an appropriate subject of a process alignment team’s scrutiny.

That work is still going on.

A View Of The Whole: Developing Leaders Of Change

First Health built their change process

on a commitment to develop leadership at all levels. While the focus of each leadership development session was on shifting leadership identity and skill building, each session allowed participants time to dialogue on significant issues, supporting the forging of a strong, shared commitment to meeting the challenges of leading the organization.

In one session, the CEO had to leave early to present First Health’s funding request to a particularly hard-nosed public agency. When learning of their CEO’s intention to leave, instead of getting upset that he wasn’t meeting his commitment to be present for every day of the training, the program participants utilized the time before he had to leave to coach him on how he might best enroll the funding agency’s staff in what First Health was trying to accomplish.

As the CEO said later, “It felt like every person in the room was First Health’s CEO that day!”

Meeting the Challenges of this New Century

The question of how to add value in the new global village will be a particularly challenging one for organizations and their leaders as the years fly by in this new millennium. Organizations like First Health, while seeming to operate only in the local arena, are in fact experiencing the impact of global forces—in this case, the global problems related to treating mental health problems and delivering high quality mental health care. It took understanding themselves as a system and building the capacity to think systemically and act systematically, for First Health to be ready to take its place at the table as a powerful player in the global business of delivering quality healthcare.

When did we know First Health was achieving success in their transformational change process? When one group, in their vision of First Health, included the statement, “We come together at least once a year as an organization and refocus our strategic intention, and learn how we are doing at growing into it.”

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