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Whole Systems Transformation;
The New Paradigm in Strategic Change for the 21st Century

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Whole Systems Transformation (WST); Definition and Process Overview

Introduction. In a rapidly changing global environment, organizations are exposed to complex issues affecting a wide range of strategic functions. Regulatory environment, competition, employee attitudes, and resistance and reactions to change are some of the challenges organizations deal with on a daily basis. Globalization and increased migration patterns in the world population are adding to the 'stress' businesses face, thus increasing the demand for strategic solutions capable of increasing company effectiveness.

Today, more than ever before organizations understand the urgent need of responding to the changing global environment. Senior executive leadership realizes the importance of being agile, adaptive, and willing to change as needed. A traditional theory and practice employed in the business community for decades has been the science of Organization Development (OD). However, as the times have passed, and the real results of OD have been reevaluated, it has been acknowledged that, OD, has lost its roots of dealing with total organization change. Whole Systems Transformation has emerged to again bring enterprise-wide change as a central focus.

Definition. Whole Systems Transformation is best practices and theories, developed and integrated into a single approach that enables organizations to accomplish faster, cheaper, and sustainable positive change. It has to be duly noted that, Whole Systems Transformation has been based on the profession of the Organization Development, but addresses the challenge of change with a major philosophical difference. While WST does take into consideration the views expressed by OD, it addresses the major shortcoming of OD head on. As David Bradford has noted in the last edition of Practicing OD, Whole Systems Transformation (whole being the key word) facilitates change that is all-inclusive, is comprehensive in nature, and addresses the issues of the entire organization as a whole. OD on the other hand tends to be tool and technique based while focused on separate aspects of the organization. It simply lacks the ability to transform the organization in its core.

Whole Systems Transformation at a glance. WST is the approach that calls for all parts of the system to be modified. Furthermore, WST transforms the organization as a 'unified whole', meaning the organization undergoing the change shifts from one configuration to another. What does this mean in very simple terms one might ask?

The conventional view of organizational development suggests that, in order for an organization to undergo a successful change, one has to understand the systems making up the organization, and change them according to a predetermined plan. WST on the other hand, suggests exactly the opposite; WST realizes the need for change, and suggests an approach that reinvents the organization itself. Whole Systems Transformation is not just a transformation of all systems in the organization; it is the reinvention of an entirely new system. Furthermore, once the initial steps of the change have been made, the system allows for the organization to engage the critical mass as it explores new possibilities, and begins achieving its full potential. The example of Sanwa Bank of Japan will illustrate the points made above. It specifically focuses on the meaning and importance of the word 'whole' in the WST process.

> *Bob Waterman became involved with Sanwa Bank after the company (the bank) has experienced a severe drop in the market share. Consulting company has requested a team of 3-4 employees to work with, but has ended up working with a team of 20. When the time to present the findings to jomu-kai (the board leadership) arrived, instead of presenting the findings to the board, Sanwa Bank requested the findings to be presented to the several hundred employees first. Bob agreed, and after presenting the findings to the broader audiences, made the presentation to the board. However, an amazing think happened; after only two days from the presentation, market share started to rise.*

While Waterman's company was planning to work with a small segment, it has ended up working with a larger group, and this way has inadvertently implemented what Whole Systems Transformation really calls for; involving the entire system, allowing the ownership of the process, suggesting the solutions, and focusing on the alignment rather than segmented change. As Waterman later explained, the key to the market share rise was the fact that, employees already knew the essence of the problem, were aware of the available solutions, and have been implementing them autonomously in the organization.

Whole Systems Transformation Model and Steps in the Process

Steps in the process. Figure 1 below shows the model of WST. As you can see it is a complex mechanism, and this article will further elaborate on the steps needed in order to implement a successful change in an organization.
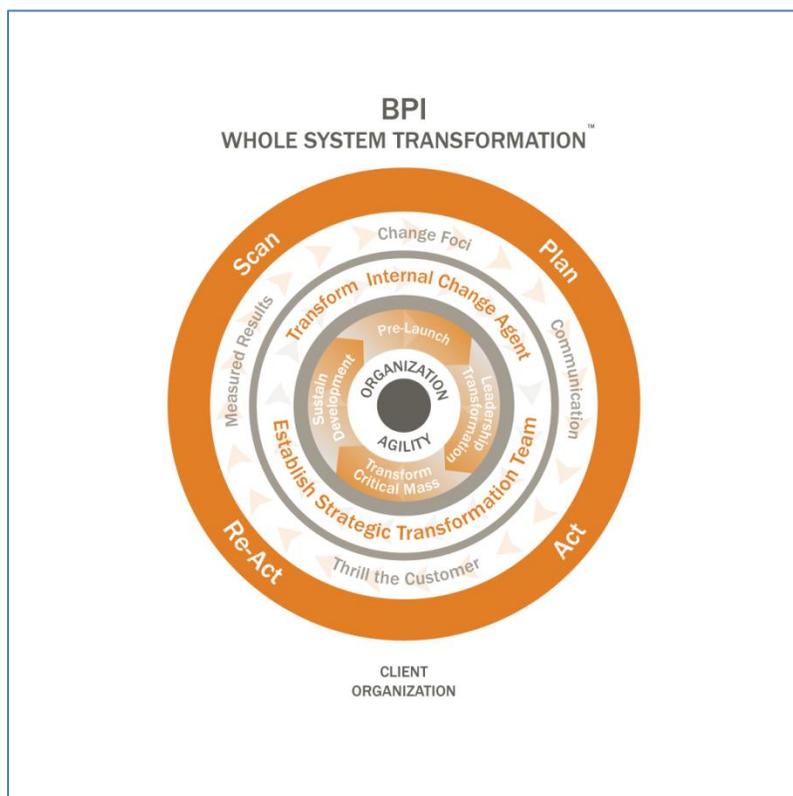

Figure 1: BPI Whole System Transformation

Step 1: Leadership Transformation. Process starts with leadership alignment and agreement. In other words, in order for the change process to succeed, it is essential that the leadership in the organization is committed to the change. Commitment has to be emotional as well as the intellectual. Leaders have to share common vision, strategy, and agree on the common actions and commitments; unity is essential.

Step 2: Critical Mass Transformation. Critical mass is achieved by employees of an organization. In order to achieve a successful transformation, it is essential that critical mass is fully informed and is actively engaged in the implementation of changes taking place in the company. This goal is achieved by large group interactive events where people are encouraged to participate and get involved.

Step 3: Sustained Development. After the initial efforts of WST, a new culture will emerge. In an organization, a new culture has to be supported and built on. In order to strengthen the new culture, an internal change agent is chosen and developed. A change agent is someone who will advocate and practice the new culture, and will do it until the members of the organization sustained and institutionalize a comprehensive and perpetual positive change process.

Step 4: Change Foci. It is critical to change the focus. The company may choose to concentrate on customer service, new strategy, increasing profitability, or a merger and acquisition. What is imperative is leaders have to communicate with employees, and have a conversation about the new focus. A transparent and meaningful dialogue must lead to increased organization effectiveness.

Step 5: Communication. Throughout the process of transformation it is important to have effective and multi-directional communication. Success stories, decisions, data, and results have to be published, and employee considerations have to be heard by leadership, and vice versa. In other words, people have to be informed about what is happening in the company, and about progress that has been made.

Step 6: Thrill the customer. Go the extra mile, show commitment, and role model how the company should treat its customers. Be innovative and show you care. This becomes the new standard of excellence.

Step 7: Measured Results. While large and dramatic changes will be apparent, it is strongly recommended that cost effectiveness and efficiency are measured regularly. These evaluations will reinforce change momentum, show areas that need more work, and will determine future steps.

Step 8: Action Research. The final steps involve implementing a simple action research process consisting of scanning, planning, acting, and re-acting. In the scanning process, an overview is completed of the current state. At the planning stage, the organization involves top executives and professionals to design the action plan. During the acting stage, planned steps are integrated into the design of the new system. And at the re-acting stage, the process is repeated in order to evaluate what has happened. During the Action Research process it is critical for top leadership to be involved, since they are the ones who have the power to influence, and become role models for what is expected of people from the company.   Richard Beckhard , founding thought leader of BPI and former professor of Management Studies at MIT developed this elemental approach within Best Practices in Organization Development and Change authored by the founder of BPI, Louis Carter. Richard's influence became the foundation for the development of BPI's WST theory and its resulting work. Edgar Schein, MIT professor of Management also greatly influenced this model, and is also one of BPI's top thought leaders.

   Transformation formula. Simply put, WST is a paradigm change, where a 'breakthrough' is achieved. After WST, employees change the ways in which they perceive, manage, think, and behave. Formula for the Transformational Breakthrough is as follows:

Discovering What is Best or Dissatisfactions (D) x Aspirations (A) x First Actions (FA) x Belief (B) x Engage (E) = Transformational Breakthrough (TB)

   Where: "D" stands for allowing the participants to voice dissatisfaction. "A" stands for the aspiration to change. "FA" stands for the initial steps and long term actions. "B" stands for belief (belief in changing the organization). "E" stands for engagement (engaging others to create and reinforce the new culture).

   As story of the Ford Motor Company below suggests, TB is something that can be realized instantly, and once the organization sees itself changed, it gains momentum, and never looks back.

As consultants started to run the events about participative management in the Ford Motor Company, they have discovered that, on the third day of each large group event, people were fired up, ready to go, and the feeling was that they were able to do anything, outperform the Japanese, and 'climb the mountains' as they say. What is interesting is, two days before they all appeared dead.

Once people see the new ways that get the desired results, they become motivated, inspired, and gain the momentum that reinforces the change. This, in turn motivates others to go deeper and further explore the opportunities of the new culture created by WST.

It is essential to emphasize one more time that, while OD has been regarded as the basis for WST, the approach offers something that is entirely new. Innovation offered by WST is the more comprehensive approach to organizational transformation, with the focus on the entire organization and its configuration. What WST achieves is Transformational Breakthrough where the organization reinvents itself, and builds on the achievements of the organization as a 'whole'. In the process, everyone stays engaged, involved, and shares the success. Leadership is highly involved in the process, and shows strong leadership from the very beginning to the very end of the process.

BPI's Transformation Model

Figure 2: BPI's Transformation Model

Prelaunch. The Transformation effort begins with the leadership of an organization and works outward to include major customers and stakeholders. Initially the internal change agent identifies an overall need for change and presents the case for Transformation. Ideally the proposal is co-created with the internal change agent team as well and the executive sponsor. The initial client is usually a pilot effort with a function or division with a high state of readiness for change. A unique customized journey is laid out in a collaborative manner.   The intent is to gain the client's commitment to for two events. The first objective is to transform the core leadership team. The second is to transform their organization. The creation of both objectives is a compelling reason for change and a set of clear outcomes. After the prelaunch phase the magnitude of the opportunity available through Transformation becomes apparent.

Transforming the Executive Team. Three of the most important competencies to lead change and transformation in a system are: establishing trust, "being" in effective relationships and having a unified vision for a compelling future. The major difference between traditional teambuilding and transformational teambuilding areas a shift occurs around the 3 aforementioned competencies. We often hear post event that never has the team ever worked so well together or so positive in a unified manner about the future.

In this phase the executive team will:

✓ Vent feelings about the current state of their team and organization . Become unhappy with their current state and yearn to   create a preferred transformative state.

✓ Build and strengthen relationships among themselves but especially with their leader

- ✓ Gain understanding of, and provide input to, the organization's change focus
- ✓ Unite themselves and their focus and direction
- ✓ Create agreements on leadership behaviors for the organization
- ✓ Determine what they need to do to become smart about leading the rest of the organization
- ✓ Share hope because they for the first time ever they have a sense that their preferred can become a reality.

The culture is now in motion in a manner that reinvents and adjusts itself to its new impending challenges and success. At this point, the team must know how to set the direction and be supportive to begin the design and implementation events for the critical mass. A natural and excited commitment occurs as they look forward to leading the next phase in sweeping change. It is at this point that they must exude confidence and members at all levels of the organization to embrace and pursue the vision. Only after they've experienced their own shift can they truly perceive the possibilities that lie ahead for the organization. One of the more exciting conversations is determining who should represent the larger organization in designing the transformation summits or conferences.

Planning the Conference. One of the key consultants in founding The Best Practice Institute was the late Kathleen Dannemiller. She referred to these events as "releasing of the magic" because an unbelievable confidence emerged that enabled everyone to overcome the challenges that had been surfaced. We have taken Kathleen's initial work and refined it to new levels. We achieve measurable short and long-term results. Transforming the internal agent and setting them up politically in the organization with the CEO is key.

WST develops large interactive events for 100 to 1500 people in a minimum of two and a half days. In order for an organization to sustain its agility, the critical mass must experience the shift. This is a shift in behavior and attitudinal mindset and the ability as an organization to execute with a spirit and ability of excellence

The selected design team plus one representative from the executive group will meet 3 to 5 times over a 1 to 3 months. The objective of the design team is to plan in detail the most compelling and powerful meeting that they have ever experienced.

The design team takes the identified outcomes from the executive teambuilding session to determine the content and robust processes for moving forward. The team plays a key role in readying the system for change by keeping their fingers on the pulse of the organization and informing the internal and external change agents about what will work and what will not work in the organization. Along with the internal change facilitators, design team members have a key role in communicating to the organization. They share deep information necessary to instruct and facilitate the activities that occur.

A detailed script emerges that will include all the messaging and group work instructions as well as logistical actions to support the work going on in the room. It is not unusual for this to be a 40 to 70-page document that will be revised 15 to 30 times. The design team is challenged to continuously improve the meeting agenda until they believe that transformation will absolutely occur.

They believe that they will have one shot at making a transformational meeting a historic moment in the history of the company and if they do not succeed in grandeur, most likely engagement of people from the system will dissipate.

The script is reviewed for guidance from the top executive. Post conference, often for the first time, they feel others are enrolled with the same passion that they have for the success of the company.

Logistical Support. The success of the Transformation is dependent upon logistical preparation and the support staff for it. The Transformation essentially is the facilitation of several hundred, and sometimes several thousand, participants working together in breakout groups of 100 and interacting together an entire organism. In spite of the large numbers of participants, the Transformation is every bit as interactive as a team building or planning session. Everyone must be fully engaged in the process to ensure its success.

The location also must be suitable, with a single meeting room of appropriate size, shape, and acoustics. Support staff must know the group's needs. Each exercise on the script needs careful preparation, right down to the printed instructions. Prior to the event a support-team leader choreographs each step of the script with the needed materials and the movements of a floor support team, which should have one member for every 25 participants in the full group. Information processors deliver materials to tables and then type and copy data generated in the exercises for subsequent table work.

Facilitating the Conference. On the day of the event, a big meeting room is filled with round tables to accommodate hundreds of people meeting in groups of six to ten. Exercises link the work of individuals to their table group, and from this small group to the whole group. The key is to get participants talking and working with each other rather than listening to presenters. Each table group is the result of carefully assigned seating that assures maximum mixture of participants making each table a microcosm of the organization. Each table has a mailbox, easels and other supplies at hand, ready for use in the coming few days. The mailbox facilitates incoming and outgoing communication and links the table group with the whole organization.

> *Whole Systems Transformation Success Example 1: Fortune 100 Insurance Company*
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> *One of the most notable implementations of WST is the transformation of a Fortune 100 Insurance Company's Customer Enterprise Services. As the backroom for this top Insurance Company, CES was fielding more than 22 million calls a day, managing more than 250,000 financial products and generating 300 million mailings annually. Interaction between departments, management and customers was dysfunctional. By engaging the executives and key department leadership, the company was prepared to move forward with a common purpose. The next stage of the Whole System Transformation called for distribution of this new, transparent flow through the corporation. Leadership was encouraged to clarify that all ideas were worthy of consideration. The end result was a corporation with a new, sustainable culture that encouraged fluid engagements with customers, department and leadership. Not only did CES transform its culture and customer relations but also the top senior executive became the personification of WST and the hero of the organization.*

As few as two professional facilitators; one external and one internal, can effectively manage groups up to 1,500 participants. If the planning team has written a good script along with clear instructions for table-group work, the participants begin to facilitate themselves. Unlike small group

facilitation that can be flexible in the moment, large-group design must be very thorough and require little or no redesign on the spot.

Each Transformation has unique context and goals. Each has its own personality. Participants engage in a process called "real-time change." That is, they grapple with fundamental issues that they or the planning team have identified and that involve them in customized interactive activities to resolve their challenges. Past challenges include integrating different IT systems or cultures from an acquired company; creating interdependencies after a corporate restructuring; coping with rapid growth; and doing work right and fast.

Table groups share information and the room becomes a human database. Commitments emerge with involvement. The data generation and decision-making elements of the process create commitment to behavior change on the spot. Participants buy into action plans that they help to develop.

Tacit activities occurring in a Transformation may include some or all of the following:

- ✓ Discussing issues that bear on the event's outcomes
- ✓ Determining what is possible.
- ✓ Establishing commitments and/or action plans for individuals, for functions and across functions. This may include specific behavioral changes required by specific individuals and or groups.
- ✓ Clarifying relationships and expectations across functional divisions and organizational levels
- ✓ Risk-taking within the context of the event
- ✓ Fostering candor to create open communication
- ✓ Innovating in thinking about, and doing, business differently
- ✓ Discovering shared attitudes and feelings
- ✓ Articulating dissatisfaction with the status quo
- ✓ Testing new work processes
- ✓ Tasting the new culture of trust and cooperation

Depending on the size of the system, the conference may be used once or many times to fit the needs of the organization. The events can be serial or sequential. In serial events members divide into groups and experience the same event at different points in time — say the first group one week and the second group the next week. In sequential events, planners define a broad set of tasks and all participants begin in one event and continue in the next.

In large organizations, it is not possible to include all the organization's members in a single event, so planners develop several events, scheduled close enough together to keep the organization moving forward together and creating a critical mass for change. A power company in the western US held four Transformations with 500 participants in each in a one-month period. Another organization in Africa planned two large events at the top of organization and then eight in its business units. A large company in the US held four large events that built on each other and then held one-day transformational meetings of 100 to 400 people for just one day throughout the organization. This was

done against our advice because we felt the transformation can never occur unless people sleep on their data two nights. Well, we were proven wrong. Now we do believe that those transformational experiences would not have occurred unless the critical mass had shifted in the four large meetings of 2 and half to 3 1/2 days

Implementing Commitments & Actions. It's common for teams intimately connected with the initiation of a Transformation — the executive and conference design teams — to become deeply involved in the implementation phase. It is not uncommon for executive resources to become available. In the case of one of the largest financial institutions in the world, a corporate finance officer spontaneously stood up and said I will give you US$1.5 million to support the 12 change projects that we've just initiated. And I might say the results from that year's work were absolutely remarkable. They are currently celebrating their 3rd annual whole system meeting.

> *Whole Systems Transformation Success Example 2: President Clinton and the Seventh American Forest Congress*
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> *We applied WST at the Seventh American Forest Congress with President Clinton in 1996. It was a nationwide gathering of 1,519 people in Washington D.C. from the 20th to the 24th of February 1996. Government and politics were intentionally transcended. The Forest Congress event was based on the BPI theory and practice of whole system transformation. The Congress was designed by a representative group of those who were to attend. No papers were presented. No disjointed break out groups occurred. The event was a whole system interactive change experience. Each table seated 8-10 people. The makeup of each table was as diverse as possible. Participants were assigned seats to achieve a mix of geographical diversity, interests, and experience. For three and one-half days, the table groups remained together, discussed, voted, and committed to a variety of forest-related issues. The results of the Congress were presented to the United States Congress. Thousands of harmonized actions resulted. Most every major newspaper in the country reported extraordinary results. The 94 local roundtables and collaborative organizations each established action plans. Countless individuals fostered change in their domains. All in all, the experience was a grand success.*

Often there is considerable assistance from enthusiastic participants. In the case of a large aerospace engineering organization, 85% of the 350 people committed to post-conference work and followed-up on each activity. So planners find themselves delegating tasks as well as working on particular substantive issues. These substantive tasks are common in implementation phase.

- ✓ Diffusion. Some organizations must telegraph new work processes to affiliates or to remote parts of the organization. In still other instances, participants want to use the techniques they sampled in the large event and embed the practice in their units.

- ✓ Pursue Action Plans. Most Transformations end with creation of action plans. These are the first steps to real process change. Immediately following the event, cross-functional working groups are primed to work on those action plans. Such implementation teams can ensure coordination of follow up activities. We have learned a great deal over the last 30 years on how to utilize extraordinary project management capability to ensure astute execution.

- ✓ Reinforce Practice. It is one thing to articulate new cultural values and practice them in an off-site environment. It is quite another to establish firm habits of behavior that will maintain the paradigm shift and grow that culture. In particular, leaders must model the new behavior.

✓ Institutionalize Structures for Change. An organization will not come out of a Transformation the same as when it went in. Magic has happened and tremendous energy has been released. The organization may need to modify or create new processes while major processes will require integration. Leaders must grasp this opportunity to build their capacity for management of change into the organization's daily operations, such as annual business planning.

Measuring Results. One organization was involved in an independent research activity at the cost of millions of US dollars. The findings were that significant positive change occurred. For example they became identified as the most loved brand in their country. Coca-Cola was number two.   The profits in a 2,100 pilot group increased 69% while any of the other 50 divisions only increased their profits by 8%.

Another Fortune 500 organization had 27 people hand in their resignations to corporate HR. Post conference 25 of those who wanted to resign again re-signed up. Part of the reason was of the tremendous cultural transformation that occurred. They wanted to be a part of the new exciting, engaging and involved workforce.

In another instance of one of the largest insurance companies in the U.S. it was reported at a national conference that the organization had spent US$6 Million on WST in a series of large meetings all around the country. The measured results two years later were an increase or savings of US$100

> *Whole Systems Transformation Success Example 3: BAE Systems*
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> *At BAE Systems, the divisional general manager was searching for a new approach to strategic planning to continue to drive their vision of being the premier innovator of launching systems solutions for a free world that meet customer requirements with on-time delivery at the lowest achievable costs, as well as improve inbound sales. The strategic planning process would require an engaging positive, high-energy force to develop a future focus because its forte is execution. During its implementation and design phases, the team continued to identify, evaluate, and pursue both the existing and emerging launching systems opportunities in the world market. BAE created tactical objectives within one-year through dialogue with 50 key program professionals from three levels. The Innovation phase occurred in a three-day summit with cross-functional stakeholders from six operation units. The planning and implementation teams met monthly for course corrections and presented results. During this phase, inbound sales increased by $18 million.*

We have never had event that was not dramatically successful. Change occurs in how participants interact with each other. For example, a change that is barely perceptible at first may become resoundingly clear as the conference draws to a close. People start to believe in each other and gain ways of understanding and working together. Personal lives change. Professional relationships change. The organization acquires the capability to become agile., Rational linear planning is a less important outcome. Participants tear down barriers and put in place a rich web that weaves the organization together in a profound and fundamental way. Confidence emerges that participants themselves can overcome their own challenges. Successful events affect a paradigm shift of the first magnitude. Special skills and learning from new ways of interacting with co-workers to conducting better meetings-become part of the organization's new culture.

The outcome: Talent not only develops … it transforms. It transforms in context of the organization becoming more effective than it ever could have imagined.

About the Authors

Louis Carter *founded Best Practice Institute in 2001 after completing one of the world's first studies on high impact leadership development with Warren Bennis. Since then, BPI has become one of the top associations for leadership and human resources development in the world. He has written 10 books on best practices and organizational leadership including Change Champions, which has been translated into 8 languages and the Best Practice book series published by Jossey Bass/John Wiley and Sons including Best Practices in Leadership Development and Organization Change. He is a highly regarded authority on learning, talent, leadership development and change.*
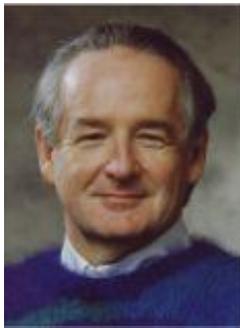
Roland Sullivan *is one of the original 100 change agents. He is a second-generation OD consultant. He learned directly from the founders of the field beginning in 1962. He has led change efforts with over 1,100 organizations in 30 countries and taught in over 12 universities, including the most recognized change program in the world, Pepperdine. Editing over a dozen management of change books including the popular third edition of Practicing Organization Development have him in touch with best practices. He is known for "actually" transforming whole systems in large interactive events and for the last 30 years, leading global competency research for consultants. Many of Roland's great consulting cases and action learning groups are on this BPI site.*