

Create a Platform for Continuous Organisational Innovation, Improvement and Change

By Dr James Pepitone
and Dr Mark Kunze.



Current organisational change-management models disappoint. Consider this human-science informed approach to change that executives, managers, and frontline workers can own together.

Top-down organisational change programs have a long history of not working. Bottom-up change, while potentially more engaging for some workers, typically fares even worse because of widespread lack of genuine management support for the approach.

Why then do universities keep teaching these methods, consultants keep proposing them, and leaders keep relying on them? Since repeated use of a method that does not work appears to defy common sense, we set out on a research initiative to understand why it persists, and here is what we learned.

Lacking any better approach

Organisation designs conceived for the 2nd and 3rd Industrial Eras were expected to operate with performance and control that was machine-like, from 1870 to 1959, and computer-like,

from 1960 to 2019. Organisational change methods personified these same metaphors.

Consider briefly what is involved to change a machine's performance. Stop the machine. Replace the restricting component. Reassemble the machine. Coax it to restart. Then tinker until it is once again running, potentially at the desired level. If unsatisfied, the machine may require reengineering (i.e., radical change) or replacement.

Changing a computer's performance begins by troubleshooting current performance shortfalls. The improvement solution may call for operator training, uploading new code, or swapping-out components. Then reboot to see what happens. Try another solution and again reboot. Possibly call tech support or a knowledgeable friend. Or simply junk the thing and get a new one.

Finally, consider what is involved to change a human being's

performance. After all, an organisation is foremost a group of human beings with the same purpose, and whose nature is substantially more complex, self-managing, and creative than nonliving machines and computers.

Imagine that the leader of your organisation wants to make changes to improve the organisation's performance. How would you want them to do it to you?

Putting aside what you have been taught and experienced in the past regarding organisational change, go ahead and create what you think will be a winning design for an organisational change initiative that targets you and your collaborators at work. What principles, process steps, and practices will fully engage you to pay attention, to not just adopt but also champion, and to successfully implement organisational changes?

You are not alone if you find this challenging. Our research indicates that the reason educators, consultants, executives, and other well-intended experts continue using organisational change methods based on outdated metaphors is because they do not know of a better alternative. And, if they did know one, they would try it.

The respondents in our research were largely in agreement that the 30% probability of success estimated for today's approach to organisational change, low as it is, is still better than not trying. Especially the executives and consultants said they routinely make investments with even poorer odds. Such are the risks associated with creative ventures.

Furthermore, most respondents were quick to point out that the worst aspect of the 70% failure rate associated with organisational change is not the stakeholders' dashed hopes, the leader's loss of face, or any other stigma. Rather, what is obscene is the associated waste of people's time and talent and risks to their livelihood, depletion of the organisation's financial resources, and lost potential of competing opportunities. They think of these as excessive costs for failed organisational change initiatives.

In other words, what is more important to improving the effectiveness of organisational change is not to increase the probability of success. This probability is determined more by the inherent risk of new ventures than by anything the leader can control. Rather, what is more important is to lessen the disruption to stakeholders, lower the organisation's investment of employees' time and talent, reduce the expenditure of financial resources, and give up fewer competing opportunities. And if there is a way to do this, they want to know about it.

If you share this thinking and seek a lower cost, more effective, and faster 21st-century approach for driving and managing organisational change, you might be interested in learning more about the experience of X-Corp (a pseudonym) and its experimentation with a new approach to organisational change that is designed with the new cross-disciplinary applied human science of humaneering.

Experimenting with a fully human approach to organisational innovation, improvement, and change

X-Corp, a huge multinational business spanning several industries and most regions of the world, first started experimenting with humaneering technology about six years ago, and in that time methodologically applied humaneering's principles to transform the corporate organisational culture and many of its operations

In a nod to transparency, the Lab is open to all visitors and soon became a popular stop for anyone visiting the company's headquarters.

to welcome change. Most notable among the experiments with humaneering that accelerated the organisation's comfort with change is the organisation's success with HTI's Humaneering Innovation Lab initiative, first implemented at the corporate level and now operating in divisions, business units, and operations of the business.

The CEO first learned about the Humaneering Technology Initiative (HTI) while at a Harvard Business School programme. X-Corp was under severe competitive pressure in several of its businesses at that time, and the CEO was determined and fast-acting to have his organisation test this new technology for designing and managing human work. Specifically, he wanted any X-Corp executive or manager with an interest to have access to humaneering with technical support and financial resources to conduct a valid scientific evaluation.

At the time X-Corp's initiative was launched, the organisation was suffering from the inability to find and hire enough qualified professionals across a range of engineering and other technical specialties. The situation was so dire that leadership had been forced to scale back their strategic plans until the initiatives currently underway could bear fruit. Among the current initiatives were endowments for the expansion of universities, sponsorship of apprenticeships, and proctored local and online self-directed skill-development, but these investments would not be paying off for several years.

What the company lacked were initiatives that could provide fast relief. This meant trying new ideas, experimenting, and placing smaller bets that, if they paid off, could have a big effect. Even though the CEO just heard of humaneering less than a month before, it sounded promising enough to try. The investment and risk were small, and if it did work as represented, the payoff would be substantial, and potentially strategic.

I (James) presented to several senior executives (not the CEO) and included discussion and examples of the Humaneering Innovation Lab as just one of the approaches we were trying with exceptionally large companies with widely dispersed operations. Subsequently, upon hearing this idea, the CEO imagined that if humaneering could somehow increase the current productivity level of the company's thousands of talented professionals and myriad of people-dependent operations, it would extend the company's operations capacity and reduce the need for as many new-hires.

The CFO who was asked by the CEO to champion this programme, explained at an HTI conference online: "What began as a small bet to assess humaneering's potential to improve the typical workforce issues – recruiting, hiring, engagement, performance, productivity and turnover – resulted in substantial improvements to all of these metrics. Our efforts then naturally evolved into much more than any of us could

imagine. Furthermore, it has shown us how to maximise the value contribution of knowledge workers and, probably most surprising for many of us, it has revealed a perfect strategic role for HR in the more challenging VUCA (volatility, uncertainty, complexity and ambiguity) years ahead.”

He drafted a cross-functional team of volunteers to repurpose two adjoining conference rooms and a kitchen, all within the corporate headquarters office building, into a facility they named the Work Design Innovation Lab. Once operational, the Lab was staffed as needed by licensed humaneers from HTI and, as called for, company staff from finance, HR, IT, engineering, maintenance, and others.

The facility was outfitted on one wall to showcase science-based principles and practices for the design and management of human work. Another wall questioned the remaining usefulness of Industrial Era design and management methods, and debunked an assortment of popular management myths and misinformation.

These display walls, an expansive white board on another wall, and a room decorated with comfortable modern furniture for planning and casual conversation, supported the facility's objective of face-to-face diagnosis and design discussions with executives, directors, managers and supervisors, and anyone else who wandered in. In a nod to transparency, the room was open to all visitors and soon became a popular stop for anyone visiting the company's headquarters.

A comparable virtual facility was created online and staffed from the physical Lab to facilitate similar experiences across the entire global organisation. In time, introductory and educational programmes were offered at both the physical and online Labs.

As the initial Lab's programme unfolded, corporate HR raised its hand at every opportunity to take on additional responsibility. A few other functions sought to limit their involvement initially, and HR was there the most to make the programme easier for everyone to implement and more effective for the owners capitalising on the service.

HR also surprised the other functions with its flexibility on policies that were creating barriers, friction, or hardship; with its willingness to put employee-created customer value first; and with its unrestrained support for operations owners and their efforts to enable employees to perform at their best.

HR's outsized contribution to the programme did not pass unnoticed or unrewarded. There was no surprise when two years later the CFO passed responsibility for this initiative to the CHRO.

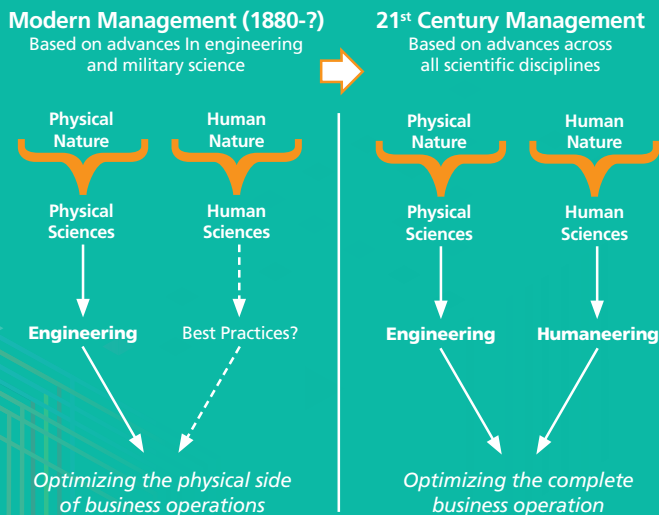
How it worked

The explicit objective for the Lab was to attract and support the 'owner' of any people-dependent operation with fresh thinking about improved performance possibilities for their unit that could be achieved by redesigning (or designing seriously for the first time) the human side of their operation. For the owners who showed interest, the staff would design with them one or more performance improving alternatives and execute one or more non-destructive experiments to reveal preliminarily the impact on the targeted operation's metrics.

With the Lab setup, curious organisation members could simply drop by, either on-site or online, to learn more about humaneering and the company's objectives for it. Managers could make an appointment to obtain assistance with a specific challenge or opportunity and show up with nothing more than a complaint or



Humanengineering closes the science-practice gap on the human side of business operations, simplifying the management of human work and increasing the yield on human capital.



idea and request a preliminary assessment of the improvement possibilities within their operation.

The Lab staffing included a blend of support people from several corporate functions, including operations, human resources, IT, finance, quality/continuous improvement, engineering, OD, training & development, and others. Each potentially had a role to play in projects. Just getting these siloed disciplines working so closely together in this has been an important achievement.

On-site classes and online courses are instructed to spread the word about humanengineering and its fresh potential. The staff's goal is to create interest and invite application proposals from the owners of people-dependent operations anywhere throughout the organisation. The staff provides templates, work-design and workforce-staffing research, and virtually any other needed form of assistance to support the preparation of these applications.

The Lab's champion – first the CFO and then the CHRO – reviewed and assessed the applications against specific criteria. For those meeting the criteria, the applicants were invited to 'pitch' their proposals in a 'Shark Tank'¹ event for executive sponsorship and capital funding. Any proposals not selected went back to the Lab for further development.

Among the many exciting developments that followed, one of the most impactful is the demand by executives and resulting creation of similar Labs, including at least one at each of the four additional organisation levels (ie group, division, unit, and facility) and dispersed throughout X-Corp's vast operations. Now there are nine Labs in operation and plans for twice that many in various stages of development. These are supported internally by X-Corp's growing professional staff of HTI-apprenticed and now licensed humaneers.

Impressive achievement and astonishing outcomes

The most recent regular monthly online meeting of all the Lab champions revealed numerous developments that had emerged from the network of Labs. I (James) participated in the meeting, and even I was surprised and impressed at how much the Lab directors and their teams had been able to accomplish, far beyond the CEO's initial objectives for the initiative. Here are the six accomplishments that the Lab champions agreed would have the greatest strategic impact on the business (approximately in order of their emergence).

1. Humanengineering opens vast potential for organisational innovation and improvement

Though largely unaware of what was missing from their toolkit, organisation leaders and managers throughout the 20th century relied on an unvetted collection of undisciplined 'best practices' to guide their thinking about how to best manage people and their work. Whatever these best practices achieved left substantial potential undeveloped. Humanengineering inevitably reveals many opportunities to rethink and resolve challenges and to create and exploit new economic value (ie both efficiencies and growth).

2. Humanengineering meets Drucker's challenge of raising the productivity of knowledge work

The primary focus and control by management of human work performance has been the disciplined completion of standardised Manual Tasks. This was once appropriate as this was the dominant form of human work. Beginning in the 1960s, the balance of human work shifted to Knowledge Work, and yet scholar-suggested insights and methods about Knowledge Work were not widely adopted by managers.

As a result, few organisations were able to tap this new rich source of economic value creation. Though Knowledge Work was prominent in the executive suite, few managers were willing to transfer these methods to lower level employees performing Knowledge Work. As a result, all human work continued to be managed with methods conceived in the late 19th century for managing uneducated immigrants transitioning to the industrial workforce. At great opportunity cost, this management approach remains dominant still today.

The collective impact of hundreds of initiatives, with each stressing that attention be paid to developing the Knowledge Work productivity of employees in all jobs, is resulting in the fundamental redesign of numerous roles. Even a 5% shift of worker time and effort from Manual Tasks to Knowledge Work can increase the employee's productivity by 20%, 40% or even more.

3. Designing human work reduces dramatically the current reliance on direct management

Design, in virtually any application, typically improves performance, lowers cost, simplifies use, enhances versatility, and exploits available technology. Design anticipates, prepares, and prevents. Design manifests control without actively controlling. This should make you wonder why most organisations do not make more effort to design human work rather than try to manage it real time.



There is a satisfactory, though still costly, explanation. There has been no technology for the human side of work. All that we have had is engineering, and its principle source, physical nature, and principle focus, physical machinery, and physical materials. Without a balancing understanding of human nature, the result is inevitably no design or over-engineering.

4. The Lab is a fantastic crucible and centrepiece for leadership development

Proposal owners, who are typically managers, generally express appreciation for the Lab's support in preparing them for this competition, and remark afterwards about how much they learn in the process. According to the Lab champions, the Lab's cross-functional staff educates and trains managers how to 'engage their employees to develop areas for improvement, and how to' propose and execute a successful 'organisational change' initiative.

Staff members analyse and frame the opportunities. They advocate for their clients. They find eager sponsors and create a compelling case for any needed financial capital. Plus, they do not get discouraged, when first attempts fail, and support the heavy lifting of implementation until the initiative is completed and considered successful.

At the request of prior participants in the company's corporate-level leadership development programme, the Lab has become the place where participants get real-world experience and develop greater acumen for leadership.

5. The 'Shark Tank' regimen democratises change sponsorship and capital budgeting

It is customary among most management teams to feel that the boss favours some team members over others. Using a non-zero-sum competitive approach of presenting ideas for investment consideration – like the television show in the US, Shark Tank – has created a new level of transparency in the organisation. With executives from other areas evaluating the proposals for

potential sponsorship and financial support, this 'out-group' feeling is removed or greatly lessened.

6. Lab-developed change initiatives achieve their objectives and receive eager support

The Humaneering Innovation Labs at X-Corp have evolved into an incomparable platform for successful organisational innovation, improvement, and change.

A limited number of employee representatives attend the event to answer questions and otherwise speak on behalf of the manager's proposal. Subsequent employee surveys and focus groups attribute this approach with substantially increasing employee engagement in their work and trust in management, metrics that previously seemed impossible to increase. Incidents of grieving or resistance to the proposed changes are virtually non-existent.

The Labs performed equally well for all initiatives, and success was not limited to change initiatives dominated by humaneering considerations. The Lab champions attribute this effectiveness to not just any one factor, but to everything the Lab can do to support the operation owner and her organisation.

Though the new applied human science, humaneering, remains in development, it is now available free in beta form for application experiments large and small. This program is managed by HTI and equips pioneering company leaders to experiment with humaneering prior to its yet unscheduled public release. X-Corp is one example of how selected companies are capitalizing on humaneering's availability now to distance themselves from their competitors by mastering organisational change for human beings for the 21st century.

Footnote 1: https://en.wikipedia.org/wiki/Shark_Tank

About the Authors

Dr James Pepitone

Dr James (Jim) Pepitone is Director of Technology Transfer for the Humaneering Technology Initiative (HTI). His career includes industry positions as VP of Sales for a division of Automation Industries (now Honeywell) and General Manager for Cybertek Computer Products, both public companies, and continued as a management consultant. Jim's education includes a BBA in Industrial Management and MBA from the Univ. of Texas at Austin, and an MS in Organisation Development and Ed. D in Organisation Design from Pepperdine Univ. in California. He can be contacted at james.pepitone@humaneeringtech.com

Dr. Mark Kunze

Mark is an organisational scholar who specialises in unlocking untapped employee potential to create greater economic value. He spent a decade as a manager doing this work, and another decade researching and instructing organization design, human resources management, and labor relations. Mark is now a Licensing Officer with the Humaneering Technology Initiative and Principle of the consulting firm, Organizational Dynamix, based in Raleigh/Durham, North Carolina, USA. Mark earned his Ph.D. and master's degree in Human Resource Management at Georgia State University in Atlanta. He can be contacted at mark@orgdynamix.com