CHAPTER 1: ORGANIZATION DEVELOPMENT AND REINVENTING THE ORGANIZATION

LEARNING OBJECTIVES

1. Define the concept of organization development and recognize the need for change and renewal.
2. Describe organization culture and understand its impact on the behavior of individuals in an organization.
3. Understand the expectations of the psychological contract formed on joining an organization.
4. Describe the five stages of organization development.

CHAPTER SUMMARY

This chapter focused on several major issues. One is that organizations operate in a dynamic and changing environment and consequently must be adaptive. You have been introduced to the emerging field of organization development (OD) and the ways it is used to improve organizational effectiveness.

Challenge. One of the manager’s most difficult tasks is initiating organization change and renewal. As a manager, you must be sensitive to changes in markets, products, and competition, and be aware of the need for an adaptive and flexible organization.

Organization Development. Organization development is the discipline that applies behavioral science techniques to management problems. Because the essential task of management is to deal with change, it is the purpose of this book to better prepare managers for this task.

Change is Constant. Change in our dynamic environment is unavoidable. And change is occurring so rapidly that it is a moving target. An organization will be able to survive only if it can effectively respond and anticipate the technological, social, and economic environment.

Evolution of OD. OD has evolved over the past 55 years from its beginnings as the application of behavioral science knowledge and techniques. It has been strongly influenced by the works of Kurt Lewin, Abraham Maslow, Robert Blake, Richard Beckhard, and Douglas McGregor.

OD Specialists. These are professionals who have specialized and trained in organization development and related areas, such as organization behavior, applied social sciences, interpersonal communications, and decision making. If they are members of the organization, they are internal practitioners. If they come from outside the organization, they are external practitioners.
Culture. Culture is the set of characteristics of a specific civilization, society, or group. Organizational culture is the shared language, dress, patterns of behavior, value system, interactions, and group norms of the members of an organization.

Socialization. Socialization is the process that adapts employees to the organization's culture. Entering a class for the first time is very similar to the first day on a new job. You may decide to rebel and reject the classroom norms, you may conform by accepting the classroom norms, or you may respond with creative individualism.

Psychological Contract. A psychological contract brings many underlying expectations out into the open, explains them, and defines the interdependence and shared responsibility between the individual and the organization.

OD Model. Organization development involves the long-term, system-wide application of behavioral science techniques to increase organization effectiveness. OD works on the idea that organizational change involves improving the way people work together on teams and the way team activities are integrated with organizational goals.

REVIEW QUESTIONS

1. How would you define “organization development”?

   Answer: Organization development is a series of planned behavioral science intervention activities with the purpose of increasing the effectiveness of the system and developing the potential of all individual members. OD efforts are planned, systematic approaches to change that are carried out in collaboration with organization members to help find improved ways of working together toward individual and organizational goals.

2. How does OD differ from a single-change technique such as management training?

   Answer: OD represents a systems approach that is concerned with the interrelationship of various divisions, departments, groups, and individuals as interdependent subsystems of the total organization. A single technique such as management training is aimed at changing individual behavior, whereas OD is focused on the larger goal of developing an organization-wide improvement in managerial style. OD uses many different techniques and no single technique represents the OD discipline.
3. Identify and demonstrate the uses of the psychological contract.

*Answer:* Psychological contract involves the expectations on the part of individuals and organizations to which they belong or in which they take part (i.e., work). Each side must understand that such a “contract” exists and that unless these expectations are met, there will be conflict.

4. Explain the difference between pivotal and peripheral norms.

*Answer:* Pivotal norms are essential to accomplishing the organization’s objectives. Peripheral norms support and contribute to the pivotal norms but are not essential to the organization’s objectives.

5. Explain three basic responses an individual may have to socialization.

*Answer:* Socialization is the process that adapts employees to the organization’s culture. An individual may respond to the socialization in three basic ways. At one extreme, an individual may conform to all the norms of the organization, resulting in uniformity of behavior and complete acceptance of organization values. At the other extreme, an individual may rebel, reject all values, or leave the organization altogether. Another alternative between the two previous extremes is for an individual to accept the pivotal norms and seriously question the peripheral norms, which is called creative individualism.

6. Read a book or an article and identify the organizational culture and norms it embodies.

7. Identify and explain the five stages of organization development.

*Answer:* Stage one is to anticipate a need for change. People in the organization perceive that the organization is in a state of disequilibrium or needs improvement. In stage two, relations between the practitioner and organization members (the client) develop. The practitioner attempts to establish a pattern of open communication, a relationship of trust, and an atmosphere of shared responsibility. Stage three is the diagnostic phase where the practitioner and client gather data and analyze the data to identify problem areas and causal relationships. In stage four action plans, strategies, and techniques are developed to resolve problems and increase organization effectiveness. The plans and techniques include total quality management (TQM), job design, role analysis, goal setting, team building, and intergroup development. Stage five, the last stage, is a period of self-renewal, monitoring, and stabilizing the OD program. In this stage the change program is monitored to make sure that the new behavior is stabilized and internalized. If this is not done, the tendency is for the system to regress to previous ineffective modes or states.
The client system needs to develop the capability to maintain innovation without outside support.

CASE DISCUSSION

T.G.I.F. (p. 28)

I. Problems

A. Macro
1. Employees drinking alcohol while at work pose liability problems to Quantum, especially when the alcohol is furnished by the company.
2. As Quantum grows, the potentially out-of-control beer busts may be only a symptom of rapid growth.
3. How to deal with motivation and esprit de corps in the face of rapid growth and change.

B. Micro
1. Stan shows indications of being unwilling to deal with potential problems and hear divergent points of view.

II. Causes
1. Rapid growth.
2. A degree of immaturity from some employees.

III. Alternatives
1. Maintain status quo.
2. Still have TGIF parties but don’t serve beer or other alcoholic beverages.
   a. Explain the legal problem very openly to employees.
   b. Introduce alternatives such as better food as a replacement for beer.
   c. Have team sports such as softball or volleyball.
3. Use no-host bar.
   a. This will likely not remove legal responsibility.
   b. Might be seen as being “cheap” by the employees.
4. Use designated driver or company bus.
5. Explain the problem to employees and ask for suggestions.

IV. Recommendations
Remove the alcohol from the parties. The legal responsibilities are too great a risk. A combination of alternatives 2 and 5. Ask for suggestions as to a replacement for the alcohol.

**KEY WORDS AND CONCEPTS**

**Action research model** - collecting information, feeding back information to the client system, developing and implementing action programs to improve system performance. *(p. 15)*

**Change Agent** - a person attempting to bring about planned change in an organization. *(p. 10)*

**Client System** - the person or organization that is the subject of the change. *(p. 10)*

**Creative individualism** - questioning of peripheral norms, accepting of pivotal norms. *(p. 13)*

**External practitioner** - a person from outside the organization who serves as a resource for change. *(p. 9)*

**Internal practitioner** - an internal resource for change, such as a manager or other member of the organization. *(p. 9)*

**Norms** - the organized and shared ideas regarding what members should do and feel, how this behavior should be regulated, and what sanctions should be applied. *(p. 10)*

**Organization culture** - a system of shared meanings, including language, dress, values, norms, and attitudes of an organization. *(p. 10)*

**Organization development** - planned strategy to bring about change. *(p. 4)*

**OD practitioner** - the people using, advocating, and assisting others to implement OD. *(p. 6)*

**OD specialist** - professionals that have specialized and trained in organization development and related areas such as organization behavior, applied social sciences, interpersonal communications, and decision making. *(p. 9)*

**Peripheral norms** - norms that support and contribute to the pivotal norms but that are not essential to the organization’s objectives. *(p. 11)*

**Pivotal norms** - norms essential to an organization’s objectives. *(p. 11)*

**Psychological contract** - expectations between an individual and an organization. *(p. 14)*

**Socialization** - process of an individual adjusting to an organization’s culture. *(p. 11)*
CHAPTER 2: ORGANIZATION RENEWAL: THE CHALLENGE OF CHANGE

LEARNING OBJECTIVES

1. Recognize the factors contributing to the accelerating rate of change.
2. Identify the ways an organization uses renewing processes to adapt to change.
3. Determine the individual and group methods of coping with change.
4. Understand and apply the sociotechnical-systems approach to OD.

CHAPTER SUMMARY

Change. All around us we are confronted with change, and for managers the idea of future shock—too much change in too short a time—can be a very real problem. Managers and organizations face rapid changes in three areas: technological advances, environmental changes, and social changes. The organization must renew and adapt to these changing situations, because every day presents a new set of conditions.

Organization Renewal. Most modern organizations feel an increasing need for organization renewal. Renewing management predicts future conditions and makes planned changes before the conditions actually occur. For an organization to have the capacity to adapt to change and become more effective, management must initiate and create a climate that encourages creativity and innovation.

Adaptive. Organizations may adapt to changes with four different orientations. A sluggish management orientation has little ability to adapt to changes, but there is no great need for it to adapt because the environment is stable. A reactive management orientation has the need to respond to a rapidly changing environment but does not have the ability. A satisficing management orientation has the ability to respond to a changing environment but finds itself in a relatively stable environment. A renewing management orientation has both the ability and the need to respond to a rapidly changing environment.

Systems. Every organization must maintain a dynamic equilibrium between stability and innovation. A systems model may be used to identify the sources of impetus for change. The environmental system has an impact on organizations through technological, economic, and cultural forces. Organizational change also comes from forces within the organizational subsystems.

Sociotechnical System. An organization can be viewed as an open system of coordinated human and technical activities. The activities consist of five primary components: goals and values, technical, structural, psychosocial, and managerial.
**Future Shock.** Future shock is too much change in too short a time and can affect managers and organizations. It occurs when there is a greatly accelerated rate of change. In order to meet the challenges of rapid change, managers need to become more adaptable and flexible.

**Organization Transformation.** This is significant change to the form and assumptions of an organization. It is typically an unplanned response to crises.

**Planned Change and Organization Development.** Organization development uses planned change to improve the effectiveness of the organization. Planned change can focus on individuals, teams, and the organization.

**REVIEW QUESTIONS**

1. **What is the implication of organization renewal for today’s organizations?**

   **Answer:** Organization renewal is an ongoing process of being ready for change, preparing for change, expecting change, and learning to adapt to change. An organization must have planned change in order to survive. This process is called *evolution*. Organization transformation is defined as the action of changing the organization’s form, shape, or energy to cope with unplanned changes. In today’s organizations, this is called *revolution*, and survival rates are low.

2. **Contrast the differences between a stable and a hyperturbulent environment.**

   **Answer:** Stable environment means unchanging basic products and services, competition, etc. A hyperturbulent or changing environment means rapidly changing products, competition, innovation, etc.

3. **Compare and contrast the four types of management orientations used in relating to the environment.**

   **Answer:** Reactive—waits until something happens, then reacts.
   Sluggish Thermostats—resists change and slow to adapt.
   Satisficing—does only what is necessary to get by, “good enough.”
   Renewal Transformation—looks ahead to prepare for change, makes necessary contingency plans in advance

   Using companies who compete with one another (for example, Apple and Microsoft), position them on the adaptive orientation model in Figure 2.2. Support your position.
4. **Explain a sociotechnical system and its five components.**

*Answer:* An organization is an open system of coordinated human and technical activities. The functions and processes of the organization are not considered as isolated elements. Instead, they are parts reacting to and influencing the rest of the system. Its sociotechnical system’s five components are:

- The Goals and Values Subsystem - the basic mission and vision of the organization.
- The Technical Subsystem - the primary functions, activities, and operations used to produce the output of the system.
- The Structural Subsystem - the formal design, policies, and procedures.
- The Psychosocial Subsystem (culture) - the network of social relationships and behavioral patterns of members.
- The Managerial Subsystem - spans the entire organization by directing, organizing, and coordinating all activities toward the basic mission.

5. **What lessons can future shock provide for organizations?**

*Answer:* Future shock is too much change in too short a time. Future shock affects both managers and organizations. Management’s capacity is strained when change occurs too rapidly. In order to overcome future shock, managers must become adaptable and flexible. Uncertainties brought on by future shock make accurate planning more difficult and plans sometimes become out of date before they can be fully implemented. Since life cycles of products and services are shortened, organizations must become more adaptive and be able to change quickly. This means that new forms and models of organizations are required in order to meet the changing conditions.

**CASE DISCUSSION**

**The NoGo Railroad** (*p. 56*)

1. **Problems**

   A. Macro
   1. Union problems need to be addressed at corporate level.
   2. Massive changes are needed in personnel policies that can only be accomplished through intensive union and executive sessions.
   3. This organization may not survive the needed changes. There may not be time for organization development to be used and the revolutionary method—organization transformation—may be too radical.
   4. Changes may not be allowed by management at this time. Change is inevitable and the longer that NoGo waits, the more radical those changes will be.
B. Micro
1. Dave Keller is in a no-win situation.
2. The only hope Dave has of making all the needed changes would be to accomplish
   the needed changes over a long period of time with empowerment and support from
   top management.
3. In the short term, Dave can attempt to gain employee support. Because the union is so
   strong, it is doubtful that he can obtain much support.

II. Causes
1. Union stronghold.
2. Company has been reacting to changes instead of proactively forecasting changes.
3. Management is not cohesive; they do not share information, support, or resources
   with employers and lower-level managers.

III. Systems affected
1. Structural – job descriptions and the formal structure are very rigid, largely because
   of years of practice.
2. Psychosocial – Dave is very unsure of the security of his position and suspects he is
   being set up. Other employees, including some in management, want to preserve the
   status quo.
3. Technical – the technology has change through the years but the organization has
   failed to recognize the change. As evidence is the archaic job titles (fireman) and job
   descriptions.
4. Managerial – virtually no support from management for Dave to make changes.
   Management seems to be as much of the problem as unionized employees. Everyone
   seems to want to protect his or her turf.
5. Goals and values – though “status quo” is actually not a value, it never-the-less is
   what employees in many cases value. Their goal is not to change.

IV. Alternatives
1. Dave can forge on ahead and suggest changes as he sees them. If top management
   does not begin to press for changes, the organization will probably cease to exist.
2. Management needs to consider what they will offer to unions prior to the next
   contract in order to make the following changes.
   a. Positions need to be eliminated.
   b. Positions need to be combined.
   c. Featherbedding and nepotism need to be eliminated from all levels of the
      organization.
3. Some proposed “carrots”: 
a. Management reduces unnecessary managerial and corporate staff as well as union positions.
b. The Board of Directors ties future management and union pay raises together. Pay increases will also be tied to productivity and profits.

4. Management should consider confrontation with union.
a. This alternative needs to be carefully considered.
b. There would be the possibility of violent confrontations.
c. There will be many legal ramifications and expenses incurred by both sides.
d. Even if the company is successful in obtaining concessions from the union, the company may have future problems. In unpopulated areas such as Montana, Idaho, and Washington, future employees will probably have ties to former union railroad employees.

V. Recommendations

Dave should attempt to make the necessary changes for NoGo to become a healthy organization. Unless he is able to live with the old corporate culture, he will not be effective. When Dave is “fed up,” he will probably resign. Hopefully before that point, the company’s top management will become supportive of the needed change programs. Meanwhile, Dave needs to be realistic about his future and keep his resume up to date.

KEY WORDS AND CONCEPTS

Client system - an organization employing a practitioner to assist them in planning change. (p. 44)

Closed systems - exists only in theory; is self-contained and isolated from its environment. Content task of the group. (p. 39)

Content - task of the group. (p. 45)

Contingency approach - attempt to determine through “if-then” research the proper management technique to employ. (p. 41)

Dynamic equilibrium - steady state, reacting with environment. (p. 39)

Entropy - movement toward disorder and eventual termination of function. (p. 34)

Feedback - results, reaction from behavior. (p. 39)

Futureshock - inability to cope with rapid change. (p. 42)

Horizontal corporation - flattening the hierarchical organizational charts; reduction in layers of management. (p. 38)
Hyperturbulent environment - rapid change. (p. 35)

Opensystem - is interrelated and acts with its environment. (p. 39)

Organization renewal - ongoing process of building innovation and adaptation into an organization. (p. 34)

Organization transformation (OT) - process of coping with unplanned change by changing organization form or framework (revolution). (p. 43)

Participant-observer - actively participate while being aware of group process. (p. 45)

Process observation - technique used in examining groups that identifies separate dimensions (p. 45)

Reactive management - waiting until something becomes a problem before reacting (p. 37)

Renewing / transformational management - plans for change; makes contingency plans. (p. 37)

Satisficing management - does only what is necessary to get by; management that is adequate and average. (p. 37)

Sluggish management - style of management based on low risk, formalized procedures, and high degree of structure and control. (p. 36)

Sociotechnical System - an organization with an open system of coordinated human and technical activities with five major subsystems. (p. 40)

Stable environment - characterized by unchanging basic products and services, static level of competition, low level of innovation, formalized and centralized structure, and steady rate of growth. (p. 35)

System - set of interrelated elements unified to achieve a goal or purpose. (p. 38)

Systems approach - set of interrelated elements unified to achieve a goal or purpose. (p. 33)

Task activities - what the group does. (p. 45)

Team process - how the group works and the relationships among team members. (p. 45)
CHAPTER 3: CHANGING THE CULTURE

LEARNING OBJECTIVES

1. Recognize the importance of corporate culture to organizational success.
2. Identify the key factors used in assessing corporate culture.
3. Describe the culture and organizational factors that lead to effective organizations.
4. Describe the major ethical, value, and goal considerations of an OD program.

CHAPTER SUMMARY

Change. Change is an inevitable consequence of operating in a dynamic environment. For OD practitioners and managers, it is important to recognize that organizational changes can be initiated by its members or as a reaction to external forces. This chapter focuses on the idea that a key aspect of implementing change is the need to institutionalize the change into organizational value systems. Consequently, the corporate culture is an important element in implementing a change program.

Corporate Culture. Corporate culture has been defined as the shared values and behaviors of organizational members and represents a key factor in implementing planned change in organizations. Whether anticipative or reactive, change is likely to be most successful when the organization proceeds with a planned approach that takes the nature of the culture into account. In recent years, corporate culture has been reorganized as a pervasive force influencing organizational effectiveness.

Cultural Resistance to Change. Culture emerges out of the shared behaviors of organization members and the working relationships that have developed over time. An inappropriate culture is often one of the biggest stumbling blocks on the path to adaptation. A culture can prevent a company from remaining competitive or adapting to a changing environment.

Tools for Change. Three organization tools are required in the adaptive organization: information, support, and resources. Employees need to have information or the ability to gather information. Support is necessary from higher management, and so is the cooperation of peers and subordinates. Resources, including funds, staff, equipment, and materials to carry out the project, are also required.

Goals and Values of OD. It is important to understand the underlying goals, assumptions, and values basic to most OD programs. OD programs are aimed at improving and maximizing basic organizational dimensions that affect performance: managerial effectiveness, managerial efficiency, and motivational climate. OD practitioners must consider the ethical consequences of various actions and develop a set of ethical standards to guide them when competing interests collide.
REVIEW QUESTIONS

1. Describe or compare the corporate cultures of organizations you have worked in. What makes one more effective than another?

   Answer: Answers are dependent upon student’s experiences.

2. Compare and contrast managerial efficiency and effectiveness.

   Answer: Efficiency is aimed at short-term goals such as productivity and profitability in making the most efficient use of resources. Effectiveness refers to those actions aimed at furthering the organization’s long-term goals. In excellent organizations members are working toward both, but in some organizations short-term goals or efficiency is overemphasized at the expense of longer-range results. For example, a firm might look more profitable by cutting its research staff and advertising budget, but in the long term, the company will lose to more farsighted competitors.

3. Identify the key factors in cultural change.

   Answer:
   1. Create a vision for the future. A shared vision provides direction, focus, and commitment. Some very successful organizations began with a vision. This includes companies like Apple Computer and Federal Express. These visions are compelling and involve all members in striving toward goals.
   2. Develop a model for change. Total organization change often starts in one unit or subculture of an organization. This model provides the example that can be transferred to other units.
   3. Reward changes. A basic concept of motivation is that people tend to behave in ways that provide rewards or reinforcement. If the system still rewards the old culture, then it won’t make sense for people to change. Rewards include not only pay and promotion, but also other incentives.

4. Explain the role of tools for change in an OD program.

   Answer: Information is an important tool as people need information or the ability to gather information. One method of providing information is open-book management. This is a method of providing detailed accounting and financial information so that employees can use the knowledge in their work. Another tool is to provide support to people. This is particularly important if the project will cut across organizational lines. Support and collaboration from other departments is needed. Higher management’s support is also required to provide a climate that supports people in taking risks. Providing resources is a third tool required in an adaptive organization. This includes funds, staff, equipment, and materials, to carry out the project. Some companies have
innovative programs for providing resources including venture capital and innovation banks.

CASE DISCUSSION

The Dim Lighting Co. (p. 81)

I. Problems

A. Macro
   1. Will Dim Lighting be reactive?
   2. Will Dim Lighting be proactive?

B. Micro
   1. Will Jim West be influenced by thoughts of what a second year of unattained targets will do to his career in making this budget decision?
   2. West feels threatened every time Spinks does not receive his demands or “wish list.”

II. Causes
   1. Previous unprofitable year.
   2. Spinks’ past history of leaving a company that “lacked creativity and innovation”.

III. Systems affected
   1. Structural – the structure is a traditional functional structure. This may not encourage the development of new products and ideas.
   2. Psychosocial – other departments feel threatened by Spinks. In addition, Jim West feels he is under pressure to improve the profit margins immediately.
   3. Technical – both the production manager and Spinks want money to upgrade technical aspects of the company.
   4. Managerial – West feels caught between being innovative and trying to improve the bottom line immediately.
   5. Goals and values – corporate headquarters does not seem to value risk taking and moving into new projects. If their rejection of the lighting proposal is indicative of their decisions, the company as a whole may become entrenched in old technology.

IV. Alternatives
   1. Before making a budget decision, West should contact corporate offices to see if additional funds are available for R&D. Spinks’ project would have a long-term effect on entire industry and possibly the parent company would contribute to the R&D project.
2. If additional funds are unavailable, the budget committee needs to make some compromises and come to a consensus—it should not be an all-or-nothing proposition. Funds should be allocated for both R&D and for upgrading essential equipment.

3. West should also ask the accountant, Preston, to make a three-tiered analysis of the project: (1) best-case scenario, (2) worst-case scenario, and (3) probable scenario.

4. West also needs to resolve his mixed feelings about the possibility of Spinks leaving. West needs to approach Spinks, praising him for what he has accomplished in the R&D department and asking him to help spread that high degree of morale across the company. West needs to make Spinks an ally rather than a potential deserter.

V. Recommendations

1. First, try to obtain additional funds from parent company.
2. If additions are not available, obtain a consensus from the budget committee. Compromises will have to be made on length of time for R&D projects, what equipment is needed, etc.

KEY WORDS AND CONCEPTS

Corporate culture - a system of shared values and beliefs that interact with people, structure, and systems of an organization to produce norms. (p. 63)

Managerial effectiveness - ability to accomplish specific organizational goals or objectives; “doing the right thing.” (p. 69)

Managerial efficiency - the ratio of output (results) to input (resources), or “doing things right.” (p. 69)

Motivational climate - employee attitudes and morals that influence the performance level. (p. 69)

Open-book-management - teach employees to understand accounting and financial statements and to use the knowledge in their work and planning. (p. 67)

Professionalism - internalization of value system that is part of the concept of the profession. (p. 70)
CHAPTER 4: ROLE AND STYLE OF THE OD PRACTITIONER

LEARNING OBJECTIVES

1. Define the role of an OD practitioner.
2. Identify your strengths and areas of improvement as a potential practitioner.
3. Experience and practice your own style of intervention and influence in a team.

CHAPTER SUMMARY

Planned Change. Change within an organization may be random or haphazard where the change is forced upon the organization by the external environment. But another type of change, planned change, is the result of deliberate attempts to modify the organization in order to promote improvement.

Internal and External OD Practitioners. The internal OD practitioner is already a member of the organization—typically someone from the human resource or organization development department who has received specialized training. An external practitioner is not previously associated with the client system. Internal and external practitioners have their own advantages and disadvantages. An approach that attempts to maximize the advantages while minimizing the disadvantages is to use both internal and external practitioners.

Practitioner Styles. OD practitioner styles can be categorized in terms of the emphasis a practitioner places on (1) accomplishing goals and (2) member satisfaction. Based upon these two dimensions, there are five different styles: stabilizer, cheerleader, analyzer, persuader, and pathfinder.

Intervention Process. The practitioner must decide exactly when, how, and with whom to intervene. The receptivity of the system to change must not be overlooked or taken for granted but ought to be carefully probed and realistically determined prior to further intervention.

Practitioner-Client Relationship. The practitioner-client relationship is a system of interacting elements: the internal or external practitioner, client sponsor, and client target system. The client will probably be dependent on the practitioner in the beginning stages of the relationship but become more independent as the relationship continues. The development of openness and trust between practitioner and client is essential.

Operating Ground Rules. These are the formalized definition of roles and procedures for both the practitioner and client. The rules may take the form of a contract or be incorporated in letters between the practitioner and the client.
REVIEW QUESTIONS

1. What are the pros and cons of external and internal practitioners? Why is the team approach a viable alternative?

   **Answer:** External consultants may be more objective, but have less understanding of the organization. The external consultant is generally unfamiliar with the organization system, and unfamiliar with the culture, communication networks, and formal or informal power systems. Internal consultants are familiar with the organization’s culture and norms, knows the power structure and who are the strategic people, aware of problems, familiar with the organization (structure, power networks, nature of business, etc.), and has a personal interest in seeing the organization succeed. However, internal consultants may be afraid for their jobs and too close to situation. The team approach allows for benefits of each and may help cancel out negatives. A team permits sharing of different points of view.

2. Compare and contrast the five basic practitioner styles.

   **Answer:**
   - Stabilizer: low emphasis on effectiveness, low on morale.
   - Cheerleader: high emphasis on morale, low on effectiveness.
   - Analyzer: high emphasis on effectiveness, low on morale.
   - Persuader: moderate emphasis on both effectiveness and morale.
   - Pathfinder: high emphasis on both effectiveness and morale.

3. Why is it important for an organization to be ready for an OD program?

   **Answer:** Just because an organization is in need of an OD program does not mean that it is receptive to one. Without readiness, few changes can take place and be effective or lasting. Rather than impose organization development upon an organization, the practitioner needs to wait until key personnel decide whether change is really needed. The motivation for a change program is then built in, not artificially contrived.

4. Identify basic problems in the practitioner-client relationship.

   **Answer:** The client may not be committed to change.
   - Commitment may be based on words and not behaviors.
   - The client may not have the leverage or power to influence change.
   - The client may use the practitioner in a power struggle with other elements of the organization or as a means to gain information about others in the organization.
5. Explain the process of perceptions and how perceptions play a part in forming the relationship between the client and the OD practitioner.

**Answer:** Developing a practitioner-client relationship involves an interaction between the parties that includes initial perceptions and assessments by each of the other. Assessments involve the practitioner’s determination of whether or not to enter into a relationship. The practitioner’s assessment includes the degree of congruence between his or her values and those of the client system. In the initial meeting, the practitioner is trying to evaluate the organization’s readiness and commitment for change, while the client system is assessing the practitioner’s capabilities.

**CASE DISCUSSION**

The Grayson Chemical Company (*p. 113*)

I. Problems

A. Macro
   1. Grayson has become stagnant, failed to change, and is no longer competitive.
   2. The current people at Grayson are not acceptable to change.
   3. There is a culture of doing things by the book.

B. Micro
   1. Incompetent managers promoted.
   2. Board does not have a consensus of opinion.

II. Causes

1. Grayson has not been proactive with its environment.
2. Corporate culture is very resistant to change.
3. Board does not speak with one voice. So entire organization is somewhat disorganized in its operations—no clear direction or focus

III. Systems affected

The entire organization is affected. The organization is still functioning; however, to be a healthy company and to grow, changes are needed.

1. Structural – with major changes, the structure could be radically altered.
2. Psychosocial – status quo and contentment seems to be prevalent among management.
3. Technical – there is evidence that managers are “fairly” competent technically, but this may not be enough to make the kind of changes that Grayson requires.
4. Managerial – the management currently seems to be comfortable in their positions and performance. The changes that Tom Baker may initiate would likely create turmoil in the management ranks.
5. Goals and values – the system seems to value putting in your time and you will get promoted. Excellence in performance is something not present at Grayson, but complacency seems to be prevalent.

IV. Alternatives
1. Maintain status quo—do nothing.
2. Develop a pathfinder style, involve board, and organization members in renewing the company.
3. Develop a persuader style and avoid “rocking the boat” by making gradual or slow changes.

V. Recommendations
Develop pathfinder style, involve entire corporation in change process. Establish open communications with board and establish a consensus on what the board wants/expects.desires. Since incompetent managers have often been promoted, personnel changes should be made after thorough analysis of personnel.

KEY WORDS AND CONCEPTS

Analyzer style - high on effectiveness, low on morale. (p. 91)

Apathetic mode - follows established routine and avoids responsibility. (p. 101)

Charismatic mode - relies on leaders to determine if change is desirable. (p. 101)

Cheerleader style - high on morale, low on effectiveness. (p. 91)

Client sponsor - person or group within the organization that has requested the practitioner’s help and who interfaces with the practitioner. (p. 96)

Client target system - organization needing help in change. (p. 97)

Closure – tendency to fill in missing information to complete a perception (p. 97)

Consensus mode - decisions are made through the sharing of viewpoints. (p. 101)

Dilemma interactions - occur in assessment stage of intervention and result from questions from practitioner regarding the client’s problem definition, awareness of need for change, reduction of over-expectations, client’s misuse of power, and value differences. (p. 98)

External-internal team - change agents from both outside and inside the organization. (p. 90)

External practitioner - change agent from outside the organization. (p. 89)
Gamesmanship mode - sees life as if playing a game and the main goal is to be a winner. (p. 101)

Internal practitioner - change agent from within the organization. (p. 89)

Interpretation - communication responses used by practitioner to explain the meaning of something in terms the client can understand. (p. 97)

Intervention - refers to the entrance into the client system and includes a variety of roles and activities. (p. 93)

Pathfinder style - high on effectiveness, high on morale. (p. 92)

Perception - process that individuals use to give meaning to their environment by interpreting and organizing sensory impressions. (p. 97)

Persuader style - moderate emphasis on both morale and effectiveness. (p. 91)

Selective perception - selectivity of information that is perceived. People tend to ignore information that they do not want to hear and accept information that is in agreement with their values. (p. 97)

Stabilizer style - low on effectiveness, low on morale. (p. 90)