

Beating the Dangers of Organizational Diagnosis

By Dr Andrew Bass

The idea of tools and techniques for *organizational diagnosis* is appealing: take the pulse and the temperature, do some scanning of the internal and external environment, and identify the problem. Then look up and apply the appropriate procedure or prescription, and call me in the morning if it's no better.

But human situations cannot be categorised in the same way as medical conditions. As complex as the human body is, it has a standard set of organs, in a standard set of physical and functional relationships, operating according to a standard set of processes.

This is rarely the case with human organizations. There is no equivalent (and no possibility of an equivalent) of *The Merck Manual of Diagnosis and Therapy* for businesses.

So we need to be very careful before we assign a management situation we are facing to a diagnostic category (actually we would lose nothing except an illusory sense of control if we gave up on the idea altogether).

A Leadership Challenge

Here is a case study I use when training change agents. Have a quick read of it and consider how you would advise the leader in charge to proceed. Don't worry if the sector (legal services) is different from yours – it makes absolutely no difference to the point of the exercise.

The Case of the Cat-Herding Managing Partner

You are advising the new Managing Partner of a commercial law firm. Being Managing Partner is a role which has been likened to 'herding cats'. The MP was elected by a small majority. The second most popular candidate is ten years older and is a protégé of the current Senior Partner, himself a renowned deal maker and former MP with a huge reputation with clients and fellow lawyers alike. The new MP's support comes from younger partners who recognise that the sector is changing and so feel that a new strategy is needed. The firm offers a full range of legal services, and a recent analysis by consultants has shown that profitability varies wildly across practice area:

In this economic climate, financial, commercial and property litigation are all thriving, in fact financial litigation is complaining about being understaffed, the corporate and commercial practices are still profitable, but are clearly starting to suffer, the criminal and property practices are loss-making and are therefore being subsidised by the profitable areas and partners.

Individual partners within practice areas also vary in terms of their ability to generate business. In spite of that, partners are remunerated according to a lockstep system which ties partner compensation to seniority rather than the profitability of their current work-streams.

Partners are traditionally non-mobile between practice areas, and this is mainly a legitimate function of the need for great specialisation.

Outside of the partners, employees are not too happy. 60-80 hour weeks are the norm, and work-life balance is a fantasy. Entry to the partnership is now mainly a function of business won, and it is not lost on candidates that many of the current partners would not satisfy the promotion criteria if they had to reapply today. Indeed many established partners are contemptuous of marketing, seeing it as antithetical to the idea of a 'profession', openly referring to non-legal marketing staff as 'overheads' and scoffing at business development initiatives.

Some younger partners who have successfully jumped through the hoops want de-equitisation as a sanction against under-performing partners, and a few are calling for the selling off of the loss-making criminal practice.

However, the partner who heads the criminal department is an old friend of the Senior Partner, as are many other of the older partners.

Finally, the firm's staff shows little ethnic or educational diversity, but clients especially in the FTSE 100 are now asking for diversity stats, as are graduate recruits in a market where top talent is scarce.

The MP has a responsibility to ensure the long-term profitable success of the firm. How will you help the MP to get a handle on the situation?

Now most people glaze over about half way through the case, and if you got fed up and skipped to the end, you are in good company. I admit that the case was written so as to encourage the sense of overwhelm (the scenario is a densely-packed composite of real issues I have seen in professional service firms, but it would be an unlucky firm indeed that faced all of these at the same time.).

What are some of the problems for a leader trying to turn around such a messy organizational situation in the real world? Here are my top three:

1. **It's almost impossible not to get lost in the detail.** Every inquiry you make, every interview, group discussion, floor-walk, briefing and "my-door-is-always-open" surgery session is a chance for yet another person to tell you their story, from their point of view. But how do you sort out what is salient? What can be discarded? What could take you down the wrong track altogether?
2. **Your interpretation will be biased by the order you get the information.** When you consider information about the situation, you have to do it sequentially, one meeting or conversation at a time. But if you talk to person A before you talk to person B, you may come to a completely different view than if you hold the conversations in the reverse order. If, in the case above, I swap paragraphs 2 and 5, the overall impression of key issues and objectives changes quite dramatically. And further, psychologists tell us that there is a 'primacy and recency' effect in the way memory works: you'll tend to remember (and so give extra weight to) the first and last things you heard over those in the middle.

3. **There's an automatic tendency to pigeonhole information into familiar issues.** Although a Merck Manual for business problems is a fantasy, that doesn't stop us from behaving as though it were possible! When we hear a story, it reminds us of other stories we have already heard. It takes a very deliberate effort to avoid assuming that a current situation is essentially the same as a superficially similar one we have met previously. What is required is the forensic discipline of the detective (think Poirot), rather than the hasty jumping-to-conclusions of their impulsive side-kick (Captain Hastings).

A Simple, Fast and Effective Alternative

Below I have re-presented the information from the case in a visual format called a Rich Picture (a term coined by its originator, Peter Checkland). The Rich Picture quickly does three things:

1. It enables us to step back from, and out of, the detail of the situation, boosting objectivity and taking out emotion.
2. It represents the themes simultaneously rather sequentially, helping to reduce ordering bias.
3. It breaks up the narrative elements so our store of past stories is less likely to be triggered.

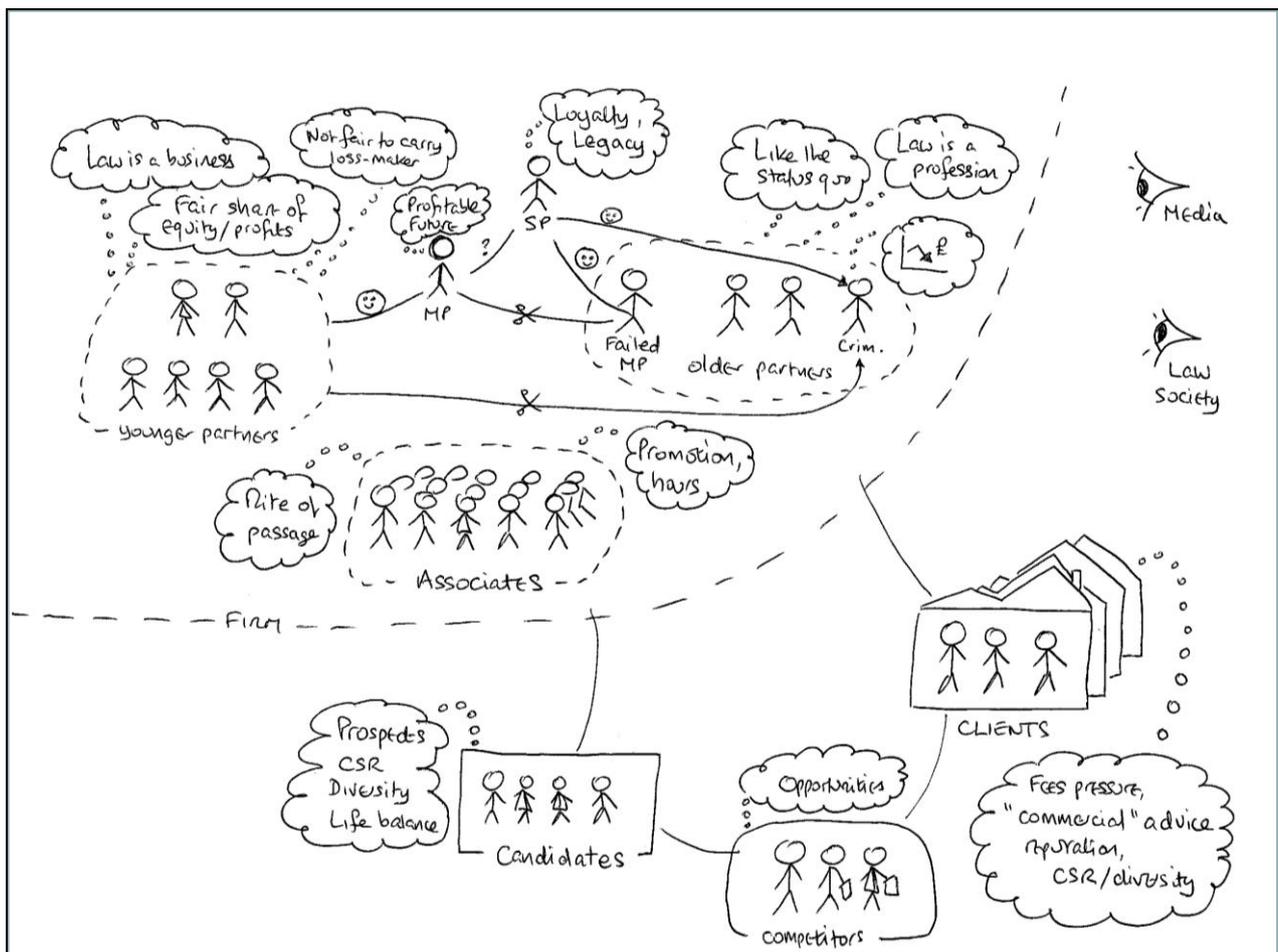


Figure 1. Rich Picture of Law Firm Scenario

Some conventions to note: individual and groups are represented as 'stick people'. Their concerns, objectives etc are captured in thought-bubbles. Lines of alliance or conflict are labelled with smiles or crossed swords as appropriate. Influential observers (media, regulatory authorities etc) are shown by eyeballs. Beyond these basics, you are free to make up further icons as you go.

As simple as this seems, the effect of a Rich Picture can be dramatic. On a number of occasions I have done little more than re-presented a situation to a group of directors using this format for them simply to say: "Oh, ok, the solution is now obvious." And even when that doesn't happen, the resulting discussion and investigation is always more penetrating and insightful than if we had relied on dense sequential narrative information.

Beyond the outline above, there are very few rules for drawing Rich Pictures, although I notice that some people are much better at producing useful ones than others (you improve with practice). At the end of the article, I've provided prompts which have proved useful for ensuring you develop a thorough – a *rich* – view.

A Powerful Negotiating Device

Rich Pictures help you to think more intelligently about your management challenges. They are also a fantastic negotiating device. In a way, they can be used like the 'one text procedure' for handling emotionally-charged disputes from the negotiation classic *Getting to Yes* by Fisher and Ury. In this procedure, negotiators adopt a kind of shuttle diplomacy: they separate the parties, draft a possible agreement, and show it to one party. They accept amendments, and then shuttle the paper over to the other party, who now has the opportunity to amend the amendments. The process continues until (hopefully) a version everyone can live with is reached.

Key to the one text procedure is that the focus becomes *the document*, and not the personalities or emotions of the stakeholders. In a similar way, when you build up a Rich Picture and display it on a screen, the stakeholders stop facing-off across the table, and instead turn to look together at their shared situation. The tone of the discussion always changes noticeably and usefully.

Key Point

The systems thinker and cybernetician Stuart Umpleby puts it well: "A model should be a way to start a conversation, not a way to end an argument". Real management situations are always a lot messier than the neat diagnostic models and diagrams suggest. Often the barrier to achieving what you want is hidden in the messy bit. For example, it could come down to the idiosyncrasies of a key, but informal, influencer who doesn't look that important on the organizational chart. The Rich Picture approach doesn't shy away from the messiness, but instead gives you a tool to get a handle on it. While there are no guarantees (management is not engineering, and to use a favourite phrase of the British Army: "The other side always gets a vote"), it usually produces more insightful

discussion, innovative negotiation tactics and intelligent approaches to influence, especially where there are multiple stakeholders with conflicting interests.

Prompts for a Rich Picture

Stakeholders and Roles ...

Who is actually in the organization?
Who does the work?
Who sets goals?

Who does the organization interact with outside its boundary (customers, suppliers, influencers)

Who is watching the organization?

Cultural Values, Norms, Worldviews

What do people act to gain and keep?
Slogans? Metaphors?
Distinctive ways of acting?

Contradictions (e.g. Between espoused and actual beliefs)?
What topics have to be addressed 'with sensitivity'?

Power and Politics ...

Who has authority over whom?
Are there conflicting interests or a lack of cooperation?
Who controls resources?
Who controls environmental constraints (e.g. Regulatory)?

Figure 2. Prompts for developing a rich picture of a problematic management situation

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Read the book, *The Performance Papers: Incisive Briefings for Busy Leaders*, by Andrew Bass:

"Provides expert guidance for aligning your people with your objectives and turning strategy into action."

Jens R. Höhnel, CEO / President Europe, International Automotive Components Group (IAC)

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