

The Journey to Z

Realising the Potential of an Organisation

James B. Rieley, Ph.D.

Read the business media today – organisations of all types, from all sectors, are in deep trouble. There are many reasons for this – and many excuses for the poor performance that organisations are delivering. There is a common thread that is present in all organisations that are experiencing this dynamic, however. It is that in the managerial ranks of organisations, there is little alignment in a common view of where an organisation is going, how it should get there, and impact of the reactive thinking and non-aligned activity that is present today. This problem is not insurmountable; in fact, it is resolved quite easily – if the senior management is committed to the organisation realizing its potential.

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Realising the Potential of an Organisation

In business today, one of the things that we keep hearing is that 'our company must win.' Okay, fine 'winning' is important, especially in a world where global competition has been aggravating an already complex business world. But if winning is so important, then it stands to reason that enabling or creating an environment where winning is possible for your company is even more important. On the surface, this would not seem too difficult. But the reality is that creating an environment in which winning can take place is incredibly difficult. This is largely due to the fact that winning is all about the decisions that managers make in an organisation, and having assumed that managers are competent to make sound decisions.

Management decisions

Managers make decisions based on several criteria: what the current situation is; what the goal is; and what it will take to close the gap between the current situation and the desired future situation (the goal). Well, at least that is the basic assumption of how managers make decisions. The reality is that the decision process outlined above is flawed. Flawed because managers rarely know what the underlying dynamics are of the current situation, and they rarely understand all the dimensions of what the goal will look like. Consequently, they make decisions without all the information available, and the results of the decision-making process end up being flawed. There is ample evidence of this – just look at the performance results that businesses from all sectors have been delivering. If the current decision-making model was working, the performance that would be exhibited should be better one would think. Is this situation

acceptable? I don't think so, and there are some reasons for it.

The reasons that are heard most today include the apparent confusion – or at very minimum, lack of clarity – about where an organisation is trying to go and what it is trying to achieve.

Where an organisation is going and what it is trying to achieve are the visions and aspirations of the company. It is important to not get caught up in believing that just because an organisation has printed vision statement, the managers and employees know what it means. Too often, the vision statement is just a set of cleverly worded phrases that tell of a glorious organisational future. These are nice to have, but the reality is that there are few organisations today in which managers and employees really understand what this statement means. And of more concern is the fact that very, very few vision statements help managers and employees see how they fit into that future. If managers and employees don't see the connection between what they do on a daily basis and where the organisation is going (in the cleverly worded phrases), there is little chance that they will be able, or even willing, to help ensure that the company gets there.

This is complicated further by the fact that, in today's business climate, so many companies are experiencing 'fires' that tend to distract the decision-makers. Examples abound, but one that seems to impact most companies today is falling profits. When profits fall, there is massive pressure put on managers to restore profitability, and to do it quickly. In most cases, this generates high levels of fire-fighting activities that are not congruent with

view the organisation, its potential, and how they 'fit' in the organisation is critical.

It is apparent that getting people to articulate their view of the organisation can be difficult. Whether due to a fear of crossing the lines of political correctness, the fear of possible retribution, the fear that they are alone in this view, or just an inability to articulate the situation is really not important. What is important is that it is just plain difficult to really know how managers and employees view the organisation. To get past this, we have been using a story-telling format based on an analogy. The analogy is the company as a type of vehicle. Using a vehicle analogy does several things: it sets up an environment in which people can openly discuss their views of where an organisation is, where it is going, and how they 'fit' in the organisation without it being threatening, and by using a vehicle for the analogy, it enables people to be as creative and descriptive as they choose to be.

To facilitate the vehicle analogy, you need a group of managers or employees and four questions. When assembling the group of people, you do have several options. You could bring together a horizontal slice of the organisation; you could use a vertical slice of the organisation; you could use a cross-sectional slice; or you could use whomever you are given. This process does work well with any cross-section of a company, but if you are given the choice, it is usually best to have a cross-sectional slice to ensure the highest potential for representative thinking across the organisation as a whole. Now for those who are extremely eager to really learn about your organisation, you could bring together a group of customers or vendors. This is a very powerful way to really find out what they think of your company and your ability to realise your potential. I know that it may sound risky to do this with

customers and/or vendors, but the risk of finding out is far less than not knowing what their mental models are.

Using the vehicle analogy

Once you have your group together, all you need to do is ask these four questions.

1) If our organisation were some type of vehicle, what type of vehicle would it be?

2) In what condition is that vehicle?

3) What part of the vehicle are you? You cannot be a driver or passenger, but must be an integral part of the vehicle itself.

4) Where do you think the vehicle will be in the next 3 years (or whatever time range you are interested in)?

In question number 1, you are looking for a clear description of a type of vehicle. Clear description should include year and marque or brand of whatever type of vehicle the participant chooses. This is an important point – the participants do not need to solely use automobiles for vehicle descriptions, although in most cases, this is what occurs. If the participant does use an automobile for the analogy, push to identify the name, model, and year of the car. If the response is a ship or boat, press for specific type of boat (sailing ship, power boat, cargo vessel, aircraft carrier, submarine, oil carrier, etc.). The same would apply for airplanes, lorries, motor coaches, rockets, balloons or whatever. The only criterion is that the vehicle must be something that was made. This would preclude using animals such as camels or horses as vehicles in this process. Additionally in question 1, it is helpful to have the participant identify the colour of the vehicle that they are describing.

In question number 2, you are looking for a detailed description of the current condition of the vehicle being described. Condition includes, 'is it rusted, is it dented, is it cleaned on a

regular basis, does it receive regular maintenance when required by the manufacturer,' etc. This question surfaces quite a few mental models about the organisation and its ability to realise its potential. Question number 3 – what part of the vehicle are you? – is meant to force the participant to begin to realise how he or she fits into the organisation. What role they play in the organisation is too often confused with their job title or job description. But through the use of the analogy, the participants are able to describe how they contribute to the organisation in an enlightening way. After they respond with something like 'the fuel' or 'the carburettor' or 'the windshield,' it is helpful for you as the facilitator to then ask, 'and what function does that perform in the vehicle.' This helps the participant surface more of a mental model about the role that they play.

The last question, number 4, is used to identify what they believe the organisation will be able to achieve in the time frame selected. (Note, the time frame can be almost any timeframe from 'next year,' to 5 years from now. This choice depends on what the purpose of the facilitation is – to work on building a strategic plan, roll out a new initiative, or something in between. The choice is yours, but it must be consistent for all the participants.) Frequently, we have seen quite a shift change from the current vehicle (question 1) to the future vehicle (question 4) – the Wright Brother's plane to a Space Shuttle; a 1963 Citroen 2CV to a BMW Z4, an old tramp steamer to a Hovercraft. Equally, we have seen almost imperceptible shifts between the current and the future – a 1985 Ford Taurus to a clean 1985 Ford Taurus with new paint, a 2001 Mercedes Benz to a 2002 Mercedes Benz. On occasion, we have even seen the analogy seem to go backwards – a 1999 Volvo wagon to a 1996 Volvo sedan.

Facilitation guidelines

There is only one guideline to asking the questions – let the participants be as descriptive as they can be and express no reaction to what they say. This is their opportunity to surface their mental models. Any sense that the description that they come up with is not 'good' will be quickly felt and hamper the process and their willingness to contribute. As the participants are describing their vehicles, you as the facilitator should be recording them on a flip chart or white board to be saved. When all the participants have been able to give their descriptions, it is important to 'recap' what has been identified. And then it is important to pose the question, 'what do you suppose all this means?'

As with any other facilitation, the real benefit of learning takes place in the minds of the participants from self-realisation, not from being told. Pose the question of what they think can be learnt from the analogies and then record what they believe. This is important to continue moving forward with the analogy process. Always remember that there are no 'right' or 'wrong' answers to this type of question, only answers that help to explain why people see what they see. Another way to move forward with the descriptions is to plot them on a matrix. If the objective of the exercise is to illuminate any potential gaps in alignment, this step can be quite important, and can yield substantial information about the gap, and where to put efforts to close it.

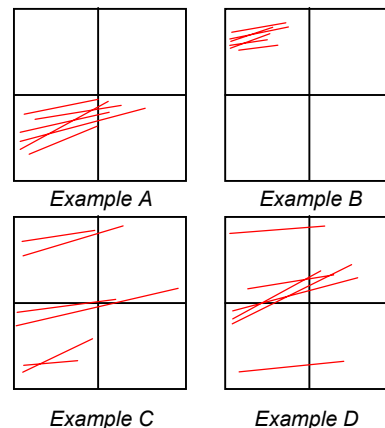
The matrix chart that is used shows a relative comparison to questions 1, 2 and 4 in a line format. The two axis of the matrix can be correlated to two distinct alignment issues: the range of respondents expectations, from low to high is found in the X-axis; the correlation to organisational reality and future potential is found in the Y-axis.

The information on the two axis can be plotted as follows.

If a respondent believes that the organisation is not very current, competitive, or technologically state-of-the-art, he or she might have responded to question 1 with an analogy to a vehicle that represents this thought process, i.e. an older model car in less than ideal condition. If their perception is that the future potential of the car (next year's automobile model) was good, the vehicle they used in the analogy might resemble a current or next year model with all the available accessories. These elements would result in a line that would extend from the lower left-hand corner to the upper right-hand corner. An older car in less than ideal condition with no basic change in the subsequent year would result in a line that was relatively short and parallel to the axis frame. It is important to note that when plotting the responses, the ranges used, i.e. years and conditions of current and future models, are dependent on the collective responses, not on an absolute or fixed basis. This means that the matrix borders should not reflect any specific years, only the high and low ranges of the responses.

An appropriate question at this point might be, so what does a fully charted matrix mean? The responses shown in example A would suggest that this represents a population in which there is a good level of alignment in both the current reality and future potential vision. Example B shows a population that has a high level of alignment in the current reality, but little perspective on the potential future vision of the organisation. The population group shown in Example C appears to be quite scattered, i.e. very little common understanding of where the organisation is and where it is going. The responses plotted in Example D are typical. Although on the surface they appear to show little alignment, they are actually representative of

most organisations. Most organisations consist of people who have different perspectives – this is the richness of diverse opinions. In Example D, the population appears to consist of some people with low perceptions of reality and low expectations; high perceptions of reality and high expectations; and some in the middle – a centred belief in where the organisation is today, and a good expectation that the organisation is going to become something better. This is representative of alignment that is sought in today's world – a good level of alignment and a solid grounding in the current reality and a relatively aligned view of the future.



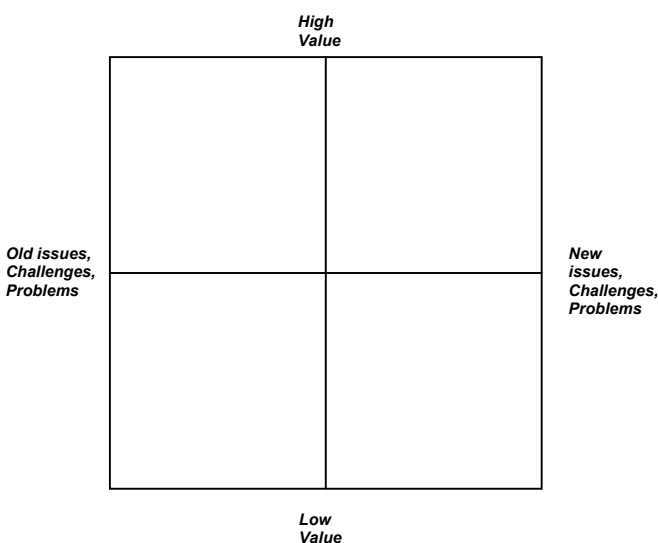
The curse of fire-fighting

One of the real measures of perceived competence in organisations today is the ability to be a good fire-fighter. This belief is one of the single biggest reasons that so many companies are not delivering high performance. This may seem counter-intuitive. Most certainly, if there is an 'organisational fire,' it must be put out. There is no doubt about that, but where we have missed the point is that as 'fire-fighting' became a skill with higher and higher value to employers, the real intent of the skill was lost somewhere. Yes, we need people who can successfully put out fires, but we do not need people whose quest in life is to put out the same fire year after year. That is what occurs in many companies. This is not necessarily a planned activity – to

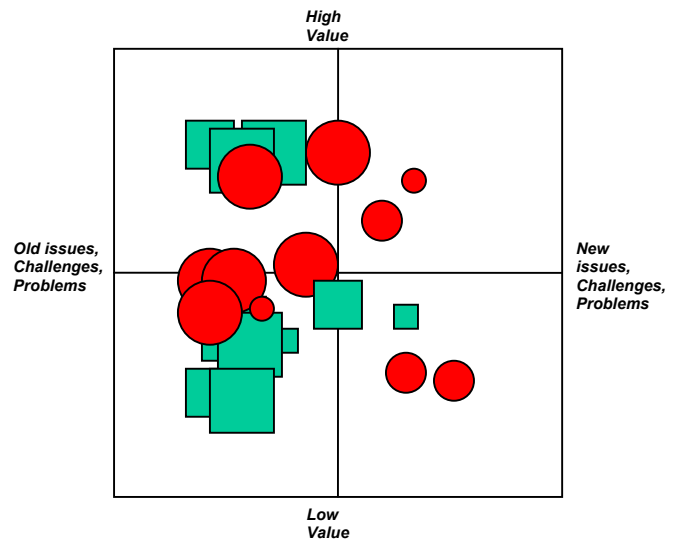
have the same fires appear year-on-year – it just evolves because it is the fire-fighting that is rewarded, not the ability to not have fires. What we need in organisations are people who can put the ‘fires’ out, and then make sure that they never reappear. This is the key to high performance over time. This requires a different set of mental models about fires and other organisational problems than most ‘fire-fighters’ have today. And in addition, it requires a different set of management competencies.

In order to shift the mental model of the folly of year-on-year fire-fighting, it first requires that you have a clear picture of how much of it is really going on. Once again, this can be done through some relatively easy facilitation.

The best (and easiest) way to accomplish this we have discovered uses a simple matrix. In this process, each of the members of the group that is being facilitated are asked to plot on a matrix where each thinks the organisation (department, division, team, etc) is regarding fire-fighting. This is non-threatening, as their ‘plot’ is quite subjective. The matrix (another 2 x 2 matrix) is divided into quadrants that look at the amount of fire-fighting that is taking place, as well as the relative value of the fire-fighting effort.



After each participant has ‘plotted’ his or her own matrix, the collective view of all the participants can be plotted. This is where the learning about fire-fighting and its impact can begin.



In the example shown, there were two questions asked – ‘plot the amount of fire-fighting today for the company using a circle, and the amount of fire-fighting two years ago using a square.’ When you look at the composite matrix, it begins to tell a frightening story.

What the matrix shows is that there is very little learning taking place in the organisation. This is demonstrated by the fact that for the most part, the circles (today’s fire-fighting) are in the same area as the squares (two years ago). The fact that learning is not taking place (if learning were taking place, the circles would mainly appear only in the upper right quadrant of ‘new and high value’ problems) means that fire-fighting is a much accepted and valued cultural characteristic. And in this case, the fact that fire-fighting is so accepted and valued means that the company will probably be doomed to constantly relive the same problems year on year – a clear lessening of the organisation’s ability to realise its potential over time.

Using both matrices together

The vehicle analogy and the fire-fighting matrix are complementary tools. In a company in which there is a distinctly low set of expectations (as seen in the vehicle analogy plot), you find high levels of fire-fighting - fighting the same fires over and over again. This is not only true for business, but for other sectors as well. Higher education, health-care, and service organisations all suffer from the same malady – an inability to be able to realise their potential, and this inability can be clearly seen in the mental models and assumptions of their managers and employees.

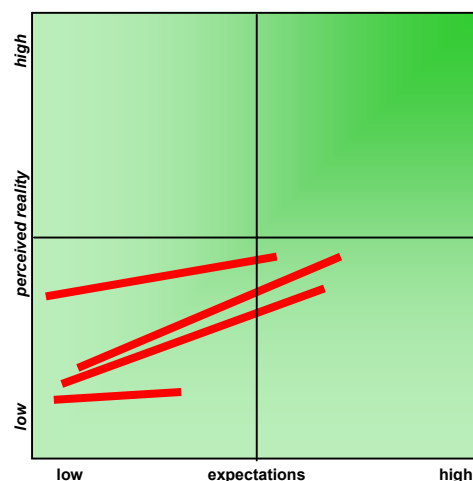
By using both the vehicle analogy and the fire-fighting matrix together, you can begin to create an environment in which managers and employees can see what their actions are doing. This is the first step to shifting organisational behaviours and removing the roadblocks to organisational success.

In a time in which there seems to be much confusion about where an organisation is going – what the aspirations of the senior leadership team are, as well as little information about where an organisation really is - there can be no doubt that surfacing the mental models of the managers and employees about these facts can be quite an advantage. After all, it is all about achieving higher levels of performance isn't it? And if you don't know where you are starting from or if your people don't believe that the performance can be improved, what you will see is just another self-fulfilling prophecy unfold before your eyes. And the picture will not be pretty.

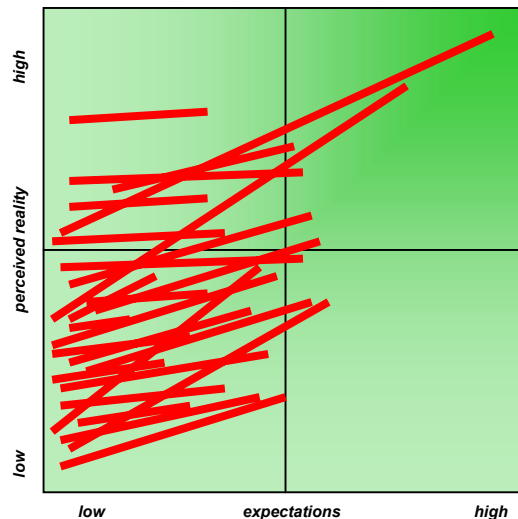
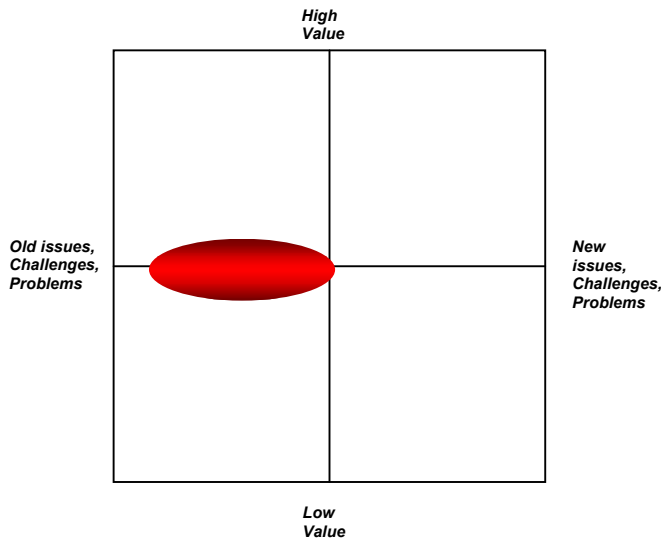
Here are two recent cases of how the vehicle analogy and the fire-fighting matrix can be used in conjunction with each other. I will call the first case PlastCo – a global plastics moulding company that had been suffering for several years, unable to realise even a

modest profit in one of its business units. The symptom (or excuse perhaps is a more appropriate term here) of the inability to realise profit was the relative newness of the operation. The fundamental reason was something else. The second case I will call ChemCo – global organisation from the chemical sector that was also feeling massive profit expectation pressure. The symptom (excuse) that their management team used was the global economic pressure. Again, you will see from the outputs of the vehicle analogy and the fire-fighting matrix that the real problems had little to do with what the management team was even willing to face.

As seen in the vehicle analogy matrix, the senior management team of PlastCo had a very low set of both their view of the current reality that they faced, and their expectations for what their company would be the next year (the question for that group was focused on the next year).

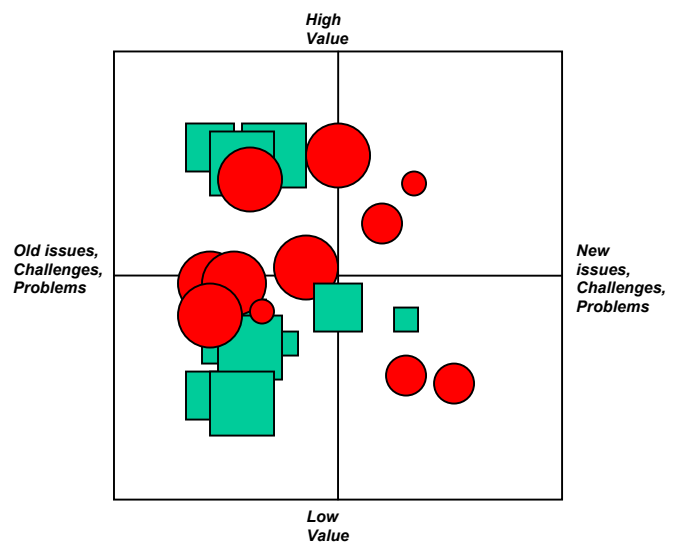


The good news from this group was its relatively high level of alignment in their thinking – the bad news was the fact that the level of alignment, although consistent, painted a dismal picture.



In addition to low expectations, the team felt that managers were spending quite a bit of time engaged in fire-fighting. And if this was not enough, the fire-fighting was focused on problems seen in the past. This means that there was very little learning taking place in the management levels of the company. The evidence of this was found in some of the statements of the senior team. One of them said that two years ago, they fought almost exclusively old problems, but that last year, they were fighting newer problems. But the current year, they were once again fighting old, recurring problems. If learning were taking place, the only fires being fought would be new, never seen before fires. This was not the case with PlastCo.

Although some of the managers saw the current reality as better than the majority of them, the overall view was very low. Alignment is important, and an aligned view of a positive organizational future is the precursor for success of achieving it.



The story of ChemCo was very similar. Although the management team that was being worked with was larger, it is not difficult to see what the team members were up against. As in most cases, what they were up against was themselves. Again, there was a high level of alignment in the management team and their direct reports collective perceptions of where it was and where it thought the company would be in the future, but the picture was rather depressing to the CEO – low expectations about where the company would be in the future.

The example shown previously for the fire-fighting matrix was the output from the management team of ChemCo. As was explained earlier, this picture is not good. The combination of both the vehicle analogy matrix and the fire-fighting matrix for each company provide clear insights as to why the companies were in the 'messes' they were in. In each case, the primary problem was the fact that neither management team had expectations that would enable them to lead their employees into a positive future.

We must always remember, perceptions are as important as reality, and therefore, if the senior management team believes that the company has little possibility to realise its potential, then their demonstrated actions will become examples of a self-fulfilling prophecy.

Okay, let's assume that you have a good understanding where your management team is in relationship to its mental models about where the organisation is, where it is going, how much time they are spending on fire-fighting, and the negative impacts of that behaviour. If that assumption is correct, then you should have a good idea – as should your managers – as to why your organisation is going to struggle on its journey to Z. The next step would be to ensure that all the managers have the same basic picture of Z in their heads.

Understanding Z

Most organisational managers, if polled, would describe Z in terms of what are known as 'events.' Events are the demonstrated variables that are most easy to see and, consequently, most often measured. Events are typically variables such as revenues, market share, headcount, and stock price. For energy companies, the list probably includes barrels per day; for health care facilities, the nosocomial infection rate; for manufacturing, production levels; and for service organisations, the customer service ratings. These are fine measures, and clearly worth looking toward, but in reality, they represent a rather myopic view of Z.

If you are to get a true picture of what Z looks like, it is important to be able to describe not only the events, but also the mental models of the managers and employees that are congruent with what it will take to achieve the events; the systemic structures (both the explicit and implicit policies and procedures) that will

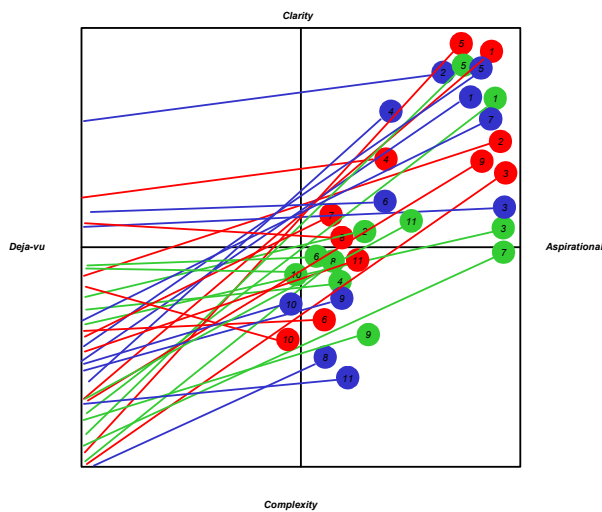
support Z, and the patterns of performance that will be seen along the journey to Z. If the complete picture of Z is not clear, then there is a high risk of financial manipulation and gaming the system on the part of those charged with decision-making. To 'see' a complete picture, it is appropriate to use a Vision Deployment Matrix.

The Vision Deployment Matrix (VDM) is a tool that was designed to enable managers and employees to describe in detail what the current reality of an organisation is, along with their view of what they want the organisation to look like in the future – this means a detailed description of Z.

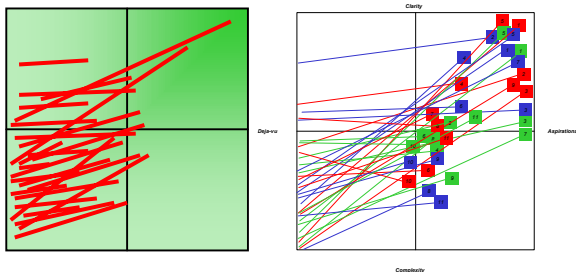
	Desired Future	Current Reality
Vision If you could walk past the organisation and look in the window, what would you see?		
Mental Models What are the beliefs and assumptions that will be congruent with the vision?		
Systemic Structures How can we create structures that will be consistent with those beliefs?		
Patterns What patterns of behaviour do we want the structure to produce?		
Events Can we describe tangible events that would indicate the		

Each manager (or participant in the facilitation process) is asked to fill out a VDM, and the results are then plotted to look for alignment. Just as in the vehicle analogy, what is being looked for is not 'exact' alignment, but a sense of the view the participants have of the organization, what it looks like today, and what they would like it to look like in the future. This is the most critical difference between the vehicle analogy and the VDM – the vehicle analogy paints a picture of how people 'see' the organization today, and what they 'see' it becoming; the VDM illuminates all the dimensions of the organization today, as well as all the desired dimensions of it in the future. In the case of ChemCo, the plotted VDM results looked like this.

(note: the plotted lines in the ChemCo example represent the mental models (red), systemic structures (green), and events (blue) of each of 11 participants in the facilitated process. Although it might appear that there is little alignment in their views, the reality is that over 90% of the managers involved in the facilitated process all saw a very positive desired future, largely one that was clear, concise, and worth working toward.)



There was a startling difference between what the ChemCo managers saw for their expected future and their desired future (Z). By comparing the two outputs, that difference is clear – what they *want* for the future of their organization (the VDM outputs) is clearly different than what they expect it will be (the vehicle analogy outputs).



This 'gap' in their views is a serious problem for them, for this will cause them to lose sight of Z in their plans, their actions, and their conversations with their direct reports.

Now, what can you do about it? The logical thing to do is to get your managers to realise that the Z that the organization is working towards is a constant. Next, it is important to begin to change their demonstrated leadership behaviours about how they think, how they influence others, how they achieve goals and targets, and how they lead. These four elements are leadership competencies, and without a highly effective set of these competencies, the chances for your organisation to be able to realise its potential are slim, at best.

An outstanding tool to use that will help your managers shift the behaviours of these four competencies is called a Conceptual Framework. The conceptual framework is a tool that can be used to both isolate each of these competences, whilst at the same time, show the direct interrelationship between them. In reality, the Conceptual Framework is a simple matrix.

	Thinking	Influencing	Achieving	Leading
Profitability				
Fire-Fighting				
Corporate Goal Attainment				
Delivering On Our Promise				

The example shown above was used recently with the senior management team of a global process sector company that was mired in a plethora of fire-fighting due to its inability to attain its profit targets. Consequently, the team had not been delivering on its promise to its shareholders. (note: this is the same company that generated the vehicle analogy charts and fire-fighting matrices that have been used in this article)

The management team was asked to fill out each cell of the matrix based on

what they individually needed to do with each competency. Although this example uses four rather big issues that they faced, the vertical axis of the framework could contain company values, listed initiatives, company goals, almost anything. In this case, because of the company's situation, the four issues were used. After each manager had filled in his or her framework, the managers were asked to 'present to each other' what they had written down. After the presentations, each manager was then asked to commit to what they would do differently than they were doing at the time. This was the same as asking them what new behaviours they would be able to see in each other based on what they were committing to. These 'commitments to shifts in behaviour' were all recorded for further use. They related that this entire exercise was very exhausting for the managers, largely because no one had ever asked them to think in these terms – something that in itself seems odd for senior managers of a large company, but it seems to be a typical reaction.

One month after the management team had filled out their own Conceptual Frameworks – their commitment to behavioural change in management and leadership style and performance – the team met with their facilitator to see how they had been doing.

The facilitator had prepared an assessment for the team. Each manager was presented with the commitments of each other manager, and on the bottom of each sheet of paper was a very simple matrix. In this matrix, there were only 12 cells.

	No Evidence	Some Evidence	Clear Difference
Thinking			
Influencing			
Leading			
Achieving			

The members of the management team were requested to read the commitments of the other members and then simply put a check mark in the appropriate matrix cell. If you were a member of this management team, and you thought that the peer of yours whose commitments you were reading hadn't demonstrated any change in his influencing competency, you would put a check in the Influencing cell under 'no evidence.' This exercise took about 30 minutes – the time was consumed by reading the commitments of the managers. The assessment documents were then collected and compiled, with the compiled data being presented in aggregate form for each manager. The outputs of the assessments looked like this.

	No Evidence	Some Evidence	Clear Difference
Thinking	3	6	1
Influencing	5	5	0
Leading	4	6	0
Achieving	6	4	0

	No Evidence	Some Evidence	Clear Difference
Thinking	9	1	0
Influencing	9	1	0
Leading	7	3	0
Achieving	8	2	0

	No Evidence	Some Evidence	Clear Difference
Thinking	3	6	1
Influencing	7	2	1
Leading	1	5	4
Achieving	2	5	2

Of the eleven senior managers, these three were pretty typical in their

ratings. As you can see, there was a lot of 'no evidence' seen by the team peers. When the assessments were presented to the team members, each coloured matrix had a name attached to it, and in the meeting, you could see that the managers – even the one's who did well – were a bit squeamish about the ratings they received. The facilitator then presented the overall team rating. Out of a possible total of 435 'points,' the distribution of 'points' was rather disappointing – to the team and the CEO. The facilitator was very pleased, because this was simply a data point. It was not good news or bad news, it was simply 'news.' They had no idea how well they were at demonstrating their ability to think, to influence, to achieve, and to lead, and now they did.

Clear Difference		19
Some Evidence		168
No Evidence		248

One of the comments that surfaced immediately by one of the team members was, 'how often do you think we should do this assessment?' Another team member asked 'can we use this assessment with our own teams as well as with this team?' Both question showed that the team was beginning to think in a different way than they had in the past. They saw the value of the exercise and wanted to not only be assessed by their peers but also by their subordinates. This is a sign of a senior leadership team that was serious about both 'getting better at being leaders,' and serious as well about staying on a positive line on their journey to Z.

From a facilitation standpoint, it is very important to realise that using these tools is not meant to be simply opportunities to let the participants in the process 'vent' or whinge about why their companies are having problems. Rather it is an opportunity to elevate

the conversations with management about why the subject company is where it is, and also to create an environment in which the company can realise its potential. Realising the potential of a company is what the journey to Z is all about. And there can be nothing more important than that.

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