



Bridges

A bi-monthly newsletter from Meridian Consulting, Inc.

Building Bridges to Success

March/April 2006

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Quote:

"Small well-focused actions can sometimes produce significant, enduring improvements. Systems thinkers refer to this principle as leverage. There are no simple rules for finding high-leverage changes, but learning to see underlying 'structures' rather than 'events' is a starting point."

Peter Senge, The Fifth discipline

Featured Topic:

Open Up!

We have said it many times before and we will say it once again, organizations are a complex web of *people, processes, and systems*. The higher the level of integration of these *elements*, the more productive and satisfying work life will be. Conversely, when any of these elements does not support the others, life in these organizations can be frustrating at best, and dysfunctional at worst. While each of these *elements* is critical, this article will focus on the impact the **system** can have on *people and processes*.

A joint study conducted by George Washington University and the consulting firm Coopers & Lybrand, identified the top performing companies in a variety of industries and set out to find out "why" they were the leaders in their industries. The study concluded that the "leading edge companies" were distinguished from their competitors because their *organizational systems* were designed to *promote change, support value-added activity and reward innovation*. The other organizations tended to create organizational systems that minimized risk and tightly controlled nearly every aspect of corporate life. In short, the top performers tended toward more "*open systems*" while the others tended to promote and develop "*closed systems*."

Organizations are organic in nature and organizations that tip towards closed systems have a tendency to be reactive, while organizations that lean towards more open systems tend to be more proactive. Every time something goes wrong or someone takes advantage of a situation, the closed system response is to develop and implement new rules, policies and procedures for the other 99% of the population that did not create the situation or present the problem.

For example, one company we worked with had multiple operational centers throughout the country. Over time, the Human Resources Department had added so many “approval” points to the hiring process, due to mistakes made in the field, that the centers were frequently losing promising "new hires" to their competitors. By reversing this trend and giving control back to local managers in the centers, they were able to reduce their average hiring process from 28 days to 3 days. In addition, HR began to focus on training and support, as opposed to command and control. By replacing their non-value added activity with value added support, HR became a positive contributor to the overall operations.

The second law of thermodynamics states, in essence, that disorder increases in a closed system. Business is a human system and is subject to the same laws. A closed system promotes dysfunction and discourages innovation, change, learning, and growth. More importantly, the closed system organization sends the wrong message about what people should be committed to. Your people will be committed and motivated when their hearts and minds are engaged; conversely, they will not be motivated by or committed to a policy.

Unfortunately, for the closed system organization, the focus is on containment as opposed to accomplishment. McClelland's theory estimates that as much as 60% of an organization's costs can be consumed by non-value-added activity.

To get a quick snapshot of where your organization exists on the continuum between a closed and open system, use the assessment below. In addition, it will help you to identify areas of opportunity for moving your organization in the right direction.

Instructions: Read the statements below and check the box that best describes your opinion. If you score your organization at a “4” for any description, think of a specific example of that occurrence.

1 Not a True Statement <i>(Less than 25% of the time)</i>	2 Somewhat True <i>(Between 25% and 50% of the time)</i>	3 Mostly True <i>(Between 50% and 75% of the time)</i>	4 Definitely True <i>(Between 75% and 100% of the time)</i>
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A. Flexibility

- | | 1 | 2 | 3 | 4 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| 1. We are responsive to environmental (external) changes. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Our personnel have the ability to perform many tasks. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. We combine R&D and operational activities. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Our employees are exposed to many facets of our business. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Our organization welcomes new situations, seeing them as opportunities. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

B. Informality

- | | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| 1. We respect performance, rather than titles. | 🍏 | 🍏 | 🍏 | 🍏 |
| 2. Our employees have easy access to all levels of our hierarchy. | 🍏 | 🍏 | 🍏 | 🍏 |
| 3. There are a minimum number of rules and regulations. | 🍏 | 🍏 | 🍏 | 🍏 |
| 4. Management and staff work together in teams. | 🍏 | 🍏 | 🍏 | 🍏 |
| 5. Management and staff socialize frequently outside of work. | 🍏 | 🍏 | 🍏 | 🍏 |

C. Nurturing Environment

- | | 1 | 2 | 3 | 4 |
|--|---|---|---|---|
| 1. Free association is encouraged. | 🍏 | 🍏 | 🍏 | 🍏 |
| 2. There are a lot of stimuli. | 🍏 | 🍏 | 🍏 | 🍏 |
| 3. We encourage continuous education, both on and off the job. | 🍏 | 🍏 | 🍏 | 🍏 |
| 4. Our management is committed to supporting the staff. | 🍏 | 🍏 | 🍏 | 🍏 |
| 5. Work is fun. | 🍏 | 🍏 | 🍏 | 🍏 |

D. Ambitious Goals

- | | 1 | 2 | 3 | 4 |
|--|---|---|---|---|
| 1. Necessity is not the mother of invention. | 🍏 | 🍏 | 🍏 | 🍏 |
| 2. Employees are motivated to succeed. | 🍏 | 🍏 | 🍏 | 🍏 |
| 3. We require a high degree of sweat equity from our staff. | 🍏 | 🍏 | 🍏 | 🍏 |
| 4. Goals are continually re-evaluated. | 🍏 | 🍏 | 🍏 | 🍏 |
| 5. Our employees constantly look for ways to improve operations. | 🍏 | 🍏 | 🍏 | 🍏 |

E. Receptive & Tolerant Work Environment

- | | 1 | 2 | 3 | 4 |
|--|---|---|---|---|
| 1. Both management and staff are open to new outcomes. | 🍏 | 🍏 | 🍏 | 🍏 |
| 2. We do not have a “not invented here” syndrome. | 🍏 | 🍏 | 🍏 | 🍏 |
| 3. There is constant self-appraisal by management and staff. | 🍏 | 🍏 | 🍏 | 🍏 |
| 4. We challenge the “status quo.” | 🍏 | 🍏 | 🍏 | 🍏 |
| 5. Ideas are accepted by the organization, regardless of the source. | 🍏 | 🍏 | 🍏 | 🍏 |

F. Support for Initiative

- | | 1 | 2 | 3 | 4 |
|---|---|---|---|---|
| 1. Our organization is always willing to try something new. | 🍏 | 🍏 | 🍏 | 🍏 |
| 2. We have an “if it ain’t broke - break it” attitude. | 🍏 | 🍏 | 🍏 | 🍏 |
| 3. We will shoot the problem, not the messenger. | 🍏 | 🍏 | 🍏 | 🍏 |
| 4. We back our employee's ideas with labor. | 🍏 | 🍏 | 🍏 | 🍏 |
| 5. We back our employees' initiative with money. | 🍏 | 🍏 | 🍏 | 🍏 |

Where would you place your organization on the following continuum?

If you or your organization are able to create more "*Open Systems*" to encourage the "authentic participation and commitment" of its people, you can create a significant strategic advantage. The business outcomes are phenomenal. The Gallup Organization has found that organizations whose managers have the ability to fully engage their work teams are 44% more profitable, 50% more productive, and have 50% higher levels of customer loyalty. This type of organization resembles an "*Open System*."

When promoting open systems, keep in mind a few guiding principles:

- When it comes to people, don't create more rules and policies to manage the whole based upon the actions of the few; instead, train your management team to deal with the person who is causing the problem.
- Challenging the "status quo" is everybody's job. Train a spotlight on those that make headway and reward them.
- Improve your processes continuously and give control for those decisions to the one's who operate the processes. Giving people autonomy is one of easiest ways to increase job satisfaction and promote initiative.

Your targets of opportunity exist in those places where you can create the most "leverage." That means identifying those areas in which you currently excel, then leverage or duplicate those strengths throughout the organization or identifying current barriers to an "*Open-System*" and removing them.

One of the more intriguing aspects of the second rule of thermodynamics is that it can be applied to your interpersonal systems as well. If you attempt to tightly control your relationships with others, your relationships will tend towards dysfunction. On the other hand, if you are open to new ways of seeing and understanding the world around you, your relationships will be collaborative and interdependent in the best sense of the word.

Where are your targets of opportunity?

A. Flexibility	C. Nurturing Environment	E. Receptive Environment
B. Informality	D. Ambitious Goals	F. Support for Initiative

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### **Book Review: "*The Fifth Discipline, The Art and Practice of The Learning Organization*" by Peter Senge**

The book was written in 1990 and still has many valuable lessons, 16 years later. According to Peter Senge, "*learning disabilities are tragic in children but fatal in organizations.*" In his book, Senge focuses on organizational change from a systems point of view. He points out the need to develop new approaches in addressing new challenges.

*"Attempting to understand the future by relying on the past only forces us to try and solve the same problems over and over again."*

Someone once said that the true definition of insanity was to keep doing the same thing and hope for a different outcome. Today's organizations no longer exist and compete in the environment of the early Twentieth Century and they no longer react in the same way to the old methods of command and control.

This book reminds you that "systems thinking" will support the integration and sustainment of your key critical elements: your people, the work they do and the systems that support them. Common wisdom says that organizations must move beyond "event management" and move into a more organic system that encourages change, promotes learning, and embraces the future. Senge's book offers five disciplines that help you take a systems approach to building your organization for the future.

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Featured Service: *Consulting Services*

Meridian can help your organization maintain your "leading edge" through *Improving*, *Expanding*, and *Innovating* your business.

- Doing this saves time, reduces costs, and increases the quality of goods and services.
- It also creates a culture where you have the strategic involvement and dedication of every person, with each person acting as a steward of the organization's integrity, reputation, and results.



Meridian: Providing
Innovative Ideas
Creative Solutions

We are committed to helping you make this a reality. Call us today to find out how we can help your organization and the people in it move to more collaborative and open systems.

Are you ready for phenomenal results?

Tel: (925) 258-0304

Email: r.cronen@meridianconsultinginc.com

Visit us on the web at: www.meridianconsultinginc.com

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