Beyond the quick fix

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Freedom to determine one's destiny is a recurring struggle for mankind. It is no less important to any modern-day organization. Members want to contribute to a worthwhile cause. Often, however, the organization holds them back. Members are caught in a bureaucratic grip, one that prevents them from fully contributing their talents and efforts to the organization's mission. For them to be free from this grip, all barriers to success must be transformed into channels for success. Channels facilitate high performance; barriers keep employees in a deadlock.

Every few years, a new approach is offered for unleashing the full potential of organized efforts. But this is like the search for the Holy Grail: Each new approach looks for the one single answer. For example, in the 1940s, human relations training was considered the key to organizational success. In the 1950s, management by objectives was heralded as the new solution to performance problems. In the 1960s, decentralization was believed to be the best solution. In the 1970s, corporate strategy was considered the panacea. Now, in the 1980s, corporate culture has become the rage.

It is a shame that managers will have to learn the hard way—once more—that a brand new quick fix cannot solve their performance problems. Eventually, managers will drop the culture fad and move on to the next promised remedy, and the cycle will continue.

All too often, however, the baby is thrown out with the bathwater. Single approaches are discarded because they have not been given a fair test. Essentially, it is not the single approach of culture, strategy, or restructuring that is inherently ineffective. Rather, each is ineffective only if it is applied by itself—as a quick fix.

It is time to stop perpetuating the myth of simplicity. The system of organization invented by mankind generates complex problems that cannot be solved by simple, quick-fix solutions. The only alternative is to develop a truly integrated approach—a complete program for managing today's organization. Complete programs, however, are often preached but seldom practiced.

This article describes a complete program for creating and maintaining organizational success. The program consists of five components, or tracks: (1) culture, (2) management skills, (3) team-building, (4) strategy-structure, and (5) the reward system. If any of these tracks is implemented without the others or is conducted out of sequence, any effort at improving performance and morale will be severely hampered. Any benefits derived in the short term may soon disappear. Lasting success can be achieved only by managing the full set of five tracks on a continuing basis.

The holographic world

To understand this program, it is first necessary to view the world three different ways: as a simple machine, an open system, and a complex hologram. These contrasting world views highlight why an integrated approach is so necessary for organiza-
Managers seem often to insist on learning the hard way that a grand new quick fix won’t solve their performance problems. Organizational culture is the current fad—but how long will it last?

The world as a simple machine argues for single efforts at change, much like replacing one defective part in some mechanical apparatus: The one defective part can be replaced without affecting any other part. This single approach only works for fixing a physical, nonliving system. The quick fix cannot hope to heal a human being, much less a living, breathing organization. The simple machine view represents one-dimensional thinking.

The world as an open system argues for a more integrated approach, in which several parts must be balanced simultaneously in order to manage the whole organization. Here, a dynamic equilibrium exists between an organization and its changing environment. The organization consists of systems, such as strategies, structures, and rewards. The environment contains its own systems, too, such as the government, suppliers, competitors, and consumers. This world view, however, remains at the surface level, where things can be easily observed and measured. The open system represents two-dimensional thinking.

The world as a complex hologram argues for adding depth to the open system—alike to forming a three-dimensional image by reflecting beams of light at different angles. The complex hologram probes below the surface to examine cultures (shared but unwritten rules for each member’s behavior), assumptions (unquestioned beliefs behind all decisions and actions), and psyches (the deepest reaches of the mind).

An example of penetrating the depths is shown by examining the organization’s troublemakers—individuals whose disruptive behavior interferes with the performance and morale of other members. Only by seeing how unresolved childhood struggles lead to such dysfunctional antics can the troublemakers finally be understood and managed. Similarly, only by surfacing tacit assumptions and unwritten rules can managers gain sufficient control over additional barriers to success.

The simple machine view of the world is already outdated. It had its heyday in the Industrial Revolution back in the eighteenth and nineteenth centuries. Yet, looking at the way contemporary organizations are designed and managed suggests that the simple machine conception is alive and well.

Recently, I described the three world views—simple machine, open system, and complex hologram—to a diverse group of 40 middle and top managers representing some of the largest industrial corporations in the world. Asked to sort their organizations into the three categories according to which metaphor best illustrated how their organizations are designed and managed, more than 75 percent of the group indicated that their companies are being run as a simple machine.

I then asked them to develop a comprehensive list of all their major organizational problems and to sort these problems into the same three categories. After an extended discussion, not one individual could think of one major problem that fit the category of simple machine! All problems were sorted into the complex hologram.

This group of managers came to the conclusion that most of their organizations are designed and managed for simple problems though none of the problems they actually face are of this variety. No wonder problems do not get resolved! The American system is designed for yesterday.

Even viewing the world as an open system requires that we recognize how every aspect of an organization is interdependent with every other aspect. Therefore, a problem in one area automatically creates problems in all other areas, thereby rendering the quick fix an impossible solution to any complex problem. A single approach that attempts to “fix” a problematic situation by influencing only one point and inadvertently or purposely ignoring all the interre-
lated aspects is doomed to fail.

The world as a complex hologram not only includes the interrelated view of the open system but adds an assortment of unconscious and nonrational aspects of human life. What, then, is the likelihood that today's organizations can cope with a new world by adjusting only one leverage point—such as strategy? It is very unlikely indeed. What about the possibility of being successful by adjusting a few but not all the leverage points? This is just as unlikely, sorry to say. Rather, it seems that all leverage points at the surface (strategy, structure, and reward systems) and below the surface (culture, assumptions, and psyches) have to be considered and acted upon in all cases. This is the new rule for revitalizing our organizations, not the exception. Otherwise, the extent and variety of complex problems will continue to impose barriers to organizational success.

The five tracks

When asked what can be done to transform their organizations from simple machines to complex holograms, managers are perplexed. Some assume that it cannot be done. Others are still waiting for the right quick fix to come along. Most are not aware of any alternatives to the quick fix. Nobody even knows what to call "it" other than a non-quick fix. Certainly, one important step in the right direction is to question the long-held assumption about revitalizing American industry: Can our organizations be changed? Are methods now available that can tackle such a complex arrangement of strategies, structures, rewards, cultures, assumptions, and psyches? The answer is yes, if managers will unlearn their old ways and adopt a new way of managing the holographic world around them: Quick fixes are to be avoided, integrated programs are to be embraced.

The five tracks to organizational success constitute a completely integrated program. Each track is implemented as a collaborative, participative effort among managers, consultants, and members. This is the best way to guarantee the success of the whole program. In some cases, however, top managers may prefer to implement the five tracks "top down" just as they ordinarily make decisions and take action; but this style will intensify some of the very problems they have to solve. In addition, managers must take care not to conduct singlehandedly those aspects of the program that are clearly beyond their skills and experiences. At a minimum, consultants should conduct an independent diagnosis of the organization's problems (regardless of what the managers may have discovered on their own), delicately guide the uncovering of cultural norms and assumptions, and manage the troublemakers and team-building sessions (which can become very sensitive and uncomfortable). It is hoped that managers can recognize their limitations.

1. The culture track

The culture track consists of a five-step process: (1) identifying actual norms, (2) articulating what is needed for success today, (3) establishing new norms, (4) identifying culture-gaps, and (5) closing culture-gaps. For example, some actual work group norms that may surface are: Don't disagree with your boss; don't make waves; treat women as second-class citizens; don't share information with other groups; do as little as is necessary to get by. Often, work groups pressure each member to follow such dysfunctional norms out of habit—as in a culture rut. The culture track first exposes the old culture and then, if necessary, creates a new adaptive culture: Treat everyone with respect and as a potential source of valuable insight and expertise; initiate changes to improve performance; congratulate those who suggest new ideas and new ways of doing things; be helpful and supportive of the other groups in the organization. Controlling culture, rather than being controlled by it, gives the

"Accepting personal responsibility for success amidst uncertainty and imperfection is the only way executives can move forward in a holographic world."
membership enough freedom to proceed with the next track.

The culture track is the ideal place to start the program, for several reasons. It is enlightening to discuss openly what previously was seldom written down or mentioned in any conversation. Members enjoy—even laugh at—the revelations that occur as dysfunctional norms (the unwritten “rules of the game”) are brought to everyone’s attention. It is also much easier to blame “norms” than to blame oneself or other people. As long as members take responsibility for change, it doesn’t really matter if using norms as a scapegoat takes some pressure off their egos. Of prime significance, however, is that without an initial culture change, it is unlikely that the other four tracks can succeed. In many cases, cultural norms pressure members to: (1) keep information to themselves, (2) distrust managers at the next highest level, (3) disbelieve that anything will really change, and (4) discourage any new behaviors without question. It will be most difficult to teach managers and members new skills if these attitudes and beliefs guide everyone’s motivation to learn.

2. The management skills track

The management skills track is needed because managers usually have not kept up with the holo-
graphic world in which they live and its dynamic, complex problems. They often have not developed the skills—conceptual, analytical, administrative, social, and interpersonal—to manage complexity. Traditionally, managers pick the first available quick-fix solution before they even bother to define the root causes of the problem. Then, to top it all off, they implement the quick-fix solution in a mechanistic manner. Not surprisingly, the problem is never solved. However, once managers are receptive to change—through the culture track—they can be taught the full range of skills needed to conduct a five-step process for effective problem management: (1) sensing problems, (2) defining problems, (3) deriving solutions, (4) implementing solutions, and (5) evaluating outcomes.

The management skills track also offers a systematic method for uncovering the underlying assumptions that drive all decisions into action. If these assumptions have remained unstated and therefore untested, managers may have continually made the wrong decisions. The deadliest assumption is erroneous extrapolation: i.e., what made the organization successful in the past will make it successful in the future. Specifically, managers may have assumed: No new competitors will enter the industry; the economy will steadily improve; the government will continue to restrict foreign imports; the consumer will buy whatever the firm produces; employees will continue to accept the same working conditions. In short, all previous decisions may have been based more on fantasy and habit than on reality and choice. Outdated assumptions may have steered the organization into adopting the wrong strategies, structures, and reward systems as well. However, given a new culture that encourages trust and openness, members will be able to analyze their previously unstated assumptions before any critical decisions are made. No longer will management be held back by its own faulty assumptions.

3. The team-building track

As the culture and management skills tracks encourage new behaviors, skills, and assumptions, the next effort lies in directly transferring these learnings into the mainstream of organizational life. Specifically, the team-building track does three things: (1) keeps the troublemakers in check so that they will not disrupt team efforts, (2) brings the new learnings into the day-to-day activities of each work group, and (3) enables cooperative decisions to take place across work group boundaries, as in multiple team efforts.

In this way, all available expertise and information will come forth to manage the complex technical and business problems that arise within and between work groups. As the culture opens up everyone’s minds (and breaks down their defenses), work groups can examine, maybe for the first time, the particular barriers that have held them back in the past. Through various workshop sessions, old warring cliques become well-functioning teams.

4. The strategy-structure track

Eventually it becomes time for the membership to take on one of the most difficult problems facing any organization in a dynamic and complex environment: aligning its formally documented systems.

One might think that the mission of the firm and its corresponding strategic choices should have been the first topics addressed. Why should the organization proceed with changes in culture, management
skills, and team efforts before the new directions are formalized? Is it not logical to first know the directions before the rest of the system is put in place? Yes, it is. But there are other forces at work in a complex organization besides logic. If we understand culture, assumptions, and psyches—the holographic view of the world—we recognize that it makes little sense to plan the future directions of the firm if members do not trust one another and will not share important information, expose their tried-and-true assumptions, or commit to the new directions because the culture will not allow it. If the prior tracks have not accomplished their purposes, the strategy-structure problem will be addressed through politics and vested interests, not through an open exchange of ideas and a cooperative effort to achieve organizational success.

The strategy-structure track is conducted in an eight step process: (1) making strategic choices, (2) listing objectives to be achieved and tasks to be performed, (3) analyzing objective/task relationships, (4) calculating inefficiencies that stem from an out-of-date structure, (5) diagnosing structural problems, (6) designing a new structure, (7) implementing the new structure, and (8) evaluating the new structure. As a result of this process, the members remove the bureaucratic red tape that moves the organization in the wrong direction. In its place is a structure aligned with the firm’s strategy.

5. The reward system track

Once the organization is moving in the right direction with the right structure and resources, the reward system track completes the program by making sure that rewards vary directly with performance. The formal system is designed via a seven-step process: (1) designing special task forces to study the problem, (2) reviewing the types of reward systems, (3) establishing several alternative reward systems, (4) debating the assumptions behind the alternatives, (5) designing the new reward system, (6) implementing the new system, and (7) evaluating the new system.

The reward system also specifies how performance results and reward decisions are communicated to each member of the organization during face-to-face meetings with a superior. In essence, two different types of meetings are necessary: (1) a performance review to provide information for evaluative purposes and (2) a counseling session to provide feedback for learning purposes. These two types of meetings ensure that members understand their performance results and will be able to improve for the next cycle—taking into account the nature of human psyches.

The reward system track is futile, however, if all the other tracks have not been managed properly. Without a supportive culture, members will not believe that rewards are tied to performance—regardless of what the formal documents state; instead, they will believe that it is useless to work hard and do well since rewards will be seen as being based on favoritism and politics.

Similarly, if managers do not have the skills to conduct performance appraisals, for example, any well-intentioned reward system will be thwarted; the arousal of defensiveness will inhibit each member’s motivation to improve his performance. Without effective teams, managers and members will not be comfortable openly sharing such information as the results of performance reviews and the distribution of rewards. In the absence of such information, imaginations will run wild since nobody will know for sure whether high performers receive significantly greater rewards than low performers. Furthermore, if the strategy and structures are not designed properly, the reward system cannot measure performance objectively; only if each group is autonomous can its output be assessed as a separate quantity.

What if individuals disregard the formal reward system and strive to excel for intrinsic rewards, such as personal satisfaction for a job well done? If the other tracks have not been managed properly, even the most dedicated efforts by employees will not lead to high performance for the organization. Instead, employees’ efforts will be blocked by all the barriers to success that are still in force: dysfunctional cultures, outdated management skills, poorly functioning work groups, unrealistic strategic choices, and misaligned structures. Alternatively, whatever improvements were realized as a result of the earlier tracks will not be sustained if the membership is not ultimately rewarded for high performance: The old dysfunctional cultures, assumptions, and behaviors will creep back into the workplace. Thus, the reward system is the last major barrier that must be transformed into a channel for success, the “bottom line” for the membership.

If I could investigate only one aspect of an organization in order to predict its long-term success, I would choose the reward system. In essence, if members feel that (1) the

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reward system is fair, (2) they are rewarded for high performance, and (3)
the performance appraisal system regularly provides them with specific
and useful information so that they know where they stand and can im-
prove their performance, then, in all likelihood, all tracks have been man-
aged properly. A reward system cannot motivate members to high per-
formance if all the other barriers to organizational success have not been
removed by the preceding four tracks. Thus, a well-functioning, perfor-
ance-based reward system generally signifies that the organization is ready for whatever problems and opportunities will come its way.

One difficult question is always asked: “How long will the whole pro-
gram take?” The answer is: It de-
pends. Contributing factors include
the size and age of the organization,
the complexity and severity of the
problems facing the organization, the
time available for conducting the five
tracks, and the desire on the part of
both managers and members to learn. Since the organization cannot
shut down its operations just to en-
gage in a change program, the five
tracks have to be conducted as other
work gets done—even during crises
and peak seasons.

In general, one can expect most
change programs to take anywhere
from six months to five years; there
is no shortcut to organizational suc-
cess. Less than six months might
work for a small division, in which
the formally documented systems—
strategy, structure, and reward sys-
tems—need only a fine tuning. How-
ever, a program taking more than five
years might be necessary for a very
large, old organization involving
major breaks from the past in every
way. If it were to take more than
ten years, we can assume that insuf-
cient commitment blocked the
momentum for change.

The challenge

Everyone in every organization has
heard the message: The world is
characterized by dynamic complex-
ity. Toffler’s Future Shock has been
with us for more than a decade. Why,
then, do organizations still act as if
the world is a simple machine? Why
do managers speak of complexity yet
act out of simplicity? What does it
take to finally come to grips with a
holographic world? Will top manag-
ers commit beyond the quick fix?

The realization of the American
dream rests on the promise of com-
mitment. If top managers do not act
on this promise, the five tracks and
all other efforts at providing inte-
grated programs will be wasted.
Chief executives will continue to
search for the Holy Grail, whether it
be a magical machine to solve their
technical problems or a quick fix for
their organizational problems. Con-
tinuing with such misplaced efforts
will eventually decrease our product-
vity as a nation, threaten our stand-
ard of living and political freedom,
and erode our position of world
leadership. The alternative is to ad-
dress the fundamental problem fac-
ing our society today: failure to place
a long-term total commitment be-
hind an integrated program for or-
ganizational success.

Commitment to act—to put one-
self on the line, to risk failure and
humiliation—is a very difficult prop-
osition. Most individuals are uncom-
fortable with the idea of fully com-
mmitting to anything, whether it be
another person, an idea, or an inte-
grated solution to a complex prob-
lem. Some managers are so afraid of
being held responsible that they do
not act. Others are willing to act as
long as they can blame someone else
for the results. However, as Harry
Truman once said regarding respon-
sibility in the Oval Office: “The buck
stops here!” For CEOs, so also stops
certainty and precision in all that
transpires. Thus, accepting personal
responsibility for success amidst un-
certainty and imperfection is the only
way top executives can move forward
in a holographic world. Only in the
world as a simple machine can execu-
tives expect absolute guarantees be-
fore they take action.

One reason some CEOs are will-
ing to spend so much time and money
on one quick fix after another is that
they know in their hearts that the
quick fix will not change much of any-
thing. The quick fix is the best way
to avoid responsibility: It diverts the
organization’s energy while abso-
lutely maintaining the status quo.
Although no one will benefit from the
quick fix, the thinking goes, the im-
portant thing is that no one will get
hurt either. The quick fix is relatively
safe—and therefore perfect—from
the point of view of top executives
who still believe in the simple ma-
chine and are unwilling to accept re-
sponsibility for change.

The need for a holographic ap-
proach to revitalizing American in-
dustry is clear, and it is time to move
beyond the quick fix. Will CEOs
commit their organizations to suc-

cess?

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