

LEVERAGE[®]



NEWS AND IDEAS FOR THE ORGANIZATIONAL LEARNER

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Organizational Renewal Through Large-Scale Change

BY PHIL CARROLL



In the mid-1990s, Shell Oil launched a massive change effort that scored some impressive successes. In the following article, Phil Carroll, former CEO, discusses some of the principles that Shell followed in undertaking its "learning journey."

A lot of managers and change agents like to use the word *transformation* in describing organizational evolution. But there are difficulties inherent in using the term to describe what has transpired at Shell and what will likely transpire in the years ahead. Specifically, the word *transformation* has a couple of unfortunate and inaccurate connotations to it.

For one thing, when something is transformed, it is changed in its entirety. And that does not accurately describe what has happened at

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SPOTLIGHT ON . . . COACHING AND FEEDBACK

Providing guidance and instruction that is nurturing yet honest, direct, and concrete is an exacting art. Managers can sometimes find inspiration for new approaches in unlikely quarters—such as their children's sports teams. Coaching a child's team places working adults in an overtly pedagogical role. It is often easier to focus on training in this environment than in the office, which is usually fraught with the distractions of pending deadlines and conflicting priorities.

For example, one senior vice president of a financial services company continually frustrated his employees by describing projects in broad, sweeping terms. In turn, their inability to produce results led him to conclude that they were incompetent. While coaching his son's basketball team, he used the same approach, only to encounter the pandemonium of a bunch of nine-year-olds running into each other and saying, "Coach, we don't get it." Consequently, the executive learned to explain each player's step-by-step role in reaching objectives. Providing similar direction and focus at work proved a boon to his employees' performance.

Source: "Out of the Mouths of Babes Comes Some Management Advice" by Sue Shellenbarger, The Wall Street Journal, June 9, 1999.

FROM THE FIELD

Kick-Start a Learning Orientation

BY RIK GLOVER

Creating significant and sustainable change in an organization is hard: It requires a committed group of people willing to take risks and pioneer the effort. Over the past several years, our team at Fairchild Semiconductor challenged our own and others' mental models and forged a new path of learning within the company. The results were a phenomenal 67-percent reduction in product-development cycle time and a revolutionary model for initiating projects within the company. Though many attempts had been made to reduce cycle time in the past, it was



only by embarking on an intense effort to develop personal mastery within the organization that we were able to benefit from previous learning and achieve outstanding results.

Failed Attempts at Change

For the past 10 years, Fairchild Semiconductor's Logic Division Product Development Center's (PDC) average cycle time from a product's initial design to its completion as a salable product was 300 days. Because the semiconductor business is driven by the PC industry,

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Kick-Start Learning

which changes its products every 90 to 120 days, Fairchild needed to improve time-to-market dramatically to remain competitive. We had developed skills in project management, leadership, problem-solving, teaming, systems thinking, and experiment design. However, despite our efforts, the best average product turnaround we were able to achieve was 270 days. Frustrated, we asked ourselves, "Why is it that we know what to do, but can't do it?"

The PDC had previously attempted to reduce cycle time to 180 days. Many of these efforts failed because ideas were generated but never implemented. The prevailing mental models caused people to see only the obstacles to reaching the 180-day goal—lack of time, spotty support, and the legacy of past failures. An overall lack of commitment was reflected in a constant erosion of our goals. As one team member put it, "After several years . . . cynicism around anything to do with cycle time was rampant."

In response, two years ago, the PDC team began an intensive approach to personal mastery developed by Learning as Leadership (LaL), a research, training, and consulting firm in San Francisco. By participating in LaL's one-year leadership development program, which included workshops and individual and team coaching, we were able to see how our patterns of behavior and communication prevented us from using our collective expertise. For instance, some of us were defensive when receiving feedback, others overly aggressive in arguing a point. Too often, our well-worn habits rendered our team unproductive and unable to address the real issues.

An integral part of the LaL

methodology involves examining the past and drawing the necessary lessons to think and act differently in the present. We realized that continuing to set goals of reduced product-development

We needed a goal so ambitious that it would force us to view the problem in a completely new way.

cycle time without fundamentally changing how we worked together would never produce the results we wanted. Using the lessons we learned from the program, we developed four strategies to help us step out of our individual dysfunctions that have become the building blocks for initiating projects (see "Fairchild Semiconductor's Project Initiation Process").

Make Clear Commitments

We set clear goals around specific behaviors and communication patterns that we no longer wanted to

perpetuate. For example, we would no longer blame others when things didn't work; instead, we would accept personal responsibility for our mistakes and learn from them. This shift from criticism and defensiveness to accepting feedback allowed us to help each other follow through on our commitments.

Next, we explored why cycle time was important to each of us. Everyone had an opportunity to air concerns and fears about the possibility of this project failing and what others would think of us if it did. Through this process, we came to a new understanding of the importance of the cycle-time project. We then made a shared commitment to reach our goal and to support each other when things got difficult along the way.

Set Mountainous Goals

The problem with the original 180-day goal was that everybody believed that it was achievable using traditional methods. We needed a goal so ambitious that it would force us to



LEVERAGE POINTS

FAIRCHILD SEMICONDUCTOR'S PROJECT INITIATION PROCESS

Make Clear Commitments.

Discuss fears and barriers to learning. Decide on a course of action and commit to it.

Set Mountainous Goals.

Push yourselves beyond what you believe is possible.

Define the Task as an Experiment.

Let go of the outcome and be open to learning.

Set a Short Fuse.

Allow just enough time to understand the issue, but not enough time to get stuck in the need for perfection.



view the problem in a completely new way. When we decided to work toward an average cycle time of 90 days while introducing 100 new products per year, we knew that we had to consider innovative and perhaps unorthodox approaches.

Define the Task as an Experiment

The PDC also needed to test new ways of performing our work, while learning from our mistakes. In order to step beyond our fear of failure, we declared our efforts an “experiment.” We understood that we might not achieve a 90-day cycle

The personal mastery training helped us develop the skills to take effective action rather than remain stuck in our fears and the need to be right.

time the first time through. Acknowledging this possibility freed us to try out new ideas. We learned how to set goals while letting go of the result—to be on a path of learning. Instead of judging the outcomes on that path as “good” or “bad,” we used them as landmarks to show us when we were veering off course and needed to reaffirm our alignment with our goals.

Set a Short Fuse

During our 10-year effort to reduce cycle time, we had tried several methods and sponsored many teams. Each time, months would pass as the team floundered, always trying to find the “right” answer. The need to be perfect always overshadowed the need to learn. In order to avoid

this pitfall and kick-start our “experiment,” we told team members, “Go off for three weeks and come back with recommendations for the process and how the experiment will run.” The point was to allow the team time to create its theories, but not enough time to get stuck.

Results

This has been the most successful effort to improve product-development cycle time. The first pilot product was accomplished in 87 days; in fact, three of the first four introductions were accomplished in less than 90 days.

More important, today we seek to address the real issues instead of hiding behind conflict avoidance or “terminal politeness.” Together, we are improving our capabilities and maximizing our potential for learning. The personal mastery training helped us develop the skills to take effective action rather than remain stuck in our fears and the need to be right. We have learned how to build trust within our team and create infrastructures to support risk-taking and learning, which are the foundations for organizational change. The four steps outlined above have been adopted throughout the company and are standard practices for initiating projects. As a result, we are accomplishing something that until now was considered impossible. ▀

Rik Glover is an engineering manager with Fairchild Semiconductor Logic Division's Product Development Center. He initiated and led the team responsible for defining and implementing the Fairchild Logic Division 90-Day Cycle-Time effort.

LEARNING LINKS

Our staff has come across many Web sites connected to the concepts and principles of organizational learning. We'd also like to know about sites that you have found—please share your ideas by contacting Kara Peters at karap@pegasus.com.

www.uni-klu.ac.at/users/gossimit/links/bookmksd.htm

Based at the University of Klagenfurt in Austria, this site offers a comprehensive list of system dynamics–related sites in a variety of categories, including modeling and simulation and systems thinking.

www.sgzz.ch/links/stp/lo/lo.htm

The Center for Futures Research in St. Gallen, Switzerland is an independent research and consulting firm affiliated with the Swiss government. In an effort to create an interactive directory to systems thinking and related activities on the Web, their site contains a virtual map with links to a wide variety of valuable resources on topics ranging from organizational learning to cybernetics and complexity theory.

www.livinginternet.com/fun/funstandard.html

The Fun Standard is a collection of best practices compiled by management consultants and practitioners from organizations throughout the world. The manifesto asserts that people must enjoy their work to be productive and that maximum productivity is obtained by having fun. The site is updated regularly and grants permission to copy, distribute, and modify its statement of purpose.

www.ozemail.com.au/~caveman/creative

The Australia-based Creativity Web is a resource center providing techniques, books, software, and other Internet resources to enhance creativity. The site offers a mental workout center featuring problems, visual puzzles, and word games, and a children's corner.

Please note that a listing does not necessarily indicate an endorsement.