Structures Influence Behavior
The #1 Systems Thinking Leverage Point for Change

By Stephen Haines, Founder and CEO of the Haines Centre *for* Strategic Management®

INTRODUCTION

Frank Brletich, a colleague of mine, wisely said: "Change doesn't have a structure. It needs to be provided." Change is a multifarious force that requires a structured mindset in order to be successfully implemented. Organization-wide change requires a change in behavior, which is *always* influenced by structures.

To explain the importance of this fact, Peter Senge asked this question: "A ship's captain in Long Beach, California, is contacted by a nearby company to deliver some goods to Tokyo, Japan. *Who is the most influential person in this delivery?*"

While the common answer is the captain or the company that placed the order, very few people guess the correct answer: The most influential person is *the architect that designed the ship.*

A ship entering Tokyo harbor is required to be double-hulled in order to help prevent spills. The ship had to be designed for a particular purpose. If the ship was not designed correctly, the orders placed in Long Beach are irrelevant. The architect or designer who built the vessel is the most influential in this story because **structures influence behavior**.

TERMS EXPLAINED

Whether or not you are aware of them, every situation you encounter in life has three integrated dynamics occurring simultaneously and holistically: (1) *content*, (2) *processes* and (3) *structures*. Most people take these for granted, as we have continuously found while teaching this subject. You can ignore them to your peril or use them to your advantage. The choice is yours!

We often use the example of chewing gum to clarify these three terms. In this case, the *content* is the gum, the *process* is chewing and the *structure* is the mouth and body.

When facilitating a seminar or workshop on these concepts, I ask participants to define the terms themselves by answering a few questions about their current situation in the classroom. When I ask them to describe the **content**, they have no problem identifying that the content is the topic, which is usually related to strategic planning or Systems Thinking.

However, when I ask them to identify the **structures**, they often pause. It's a question they don't know how to answer, because no one has ever asked them.

The answer, which we uncover together, is twofold: there are *physical structures*, both large and small—such as the classroom, windows, whiteboard, projector, handouts, PowerPoint slides, etc.—and there are *mindset structures*—the concepts and models that we are trying to impart such as the ABCs, the 12 Natural Laws etc.

Similarly, we identify the **processes** as talking, viewing slides, taking notes, dialoguing, holding subgroups, etc.

The important thing to remember about the relationship between these three terms is that the **content and processes always work**

The normal "cascade" strategy for implementing change is usually ineffective, because memories remain embedded in the way the organization works after the change.

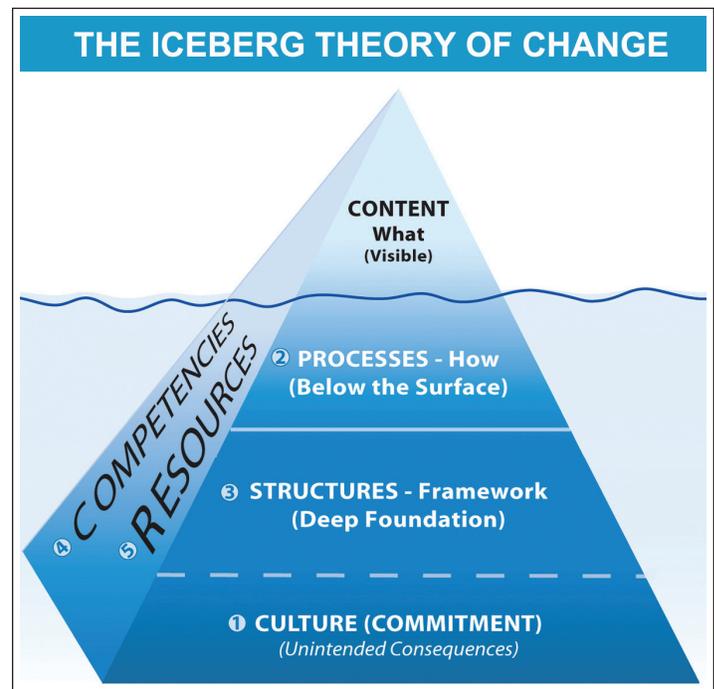*This applies particularly if the change relates to the culture rather than to work practices or systems.*

— Dick Beckhard

within structures. So without the right structures, processes will fail to deliver the proper content and desired outcomes.

While we use the term *structure*, **change infrastructure** might be a better term. Infrastructures are one of the most powerful influences of behavior—they are the *context* within which change occurs.

In an article in *The Futurist*, Malcolm Wells explains, "Infrastructure doesn't appear in my trusty old 1949 Random House dictionary. But there is an entry for the prefix *infra*—meaning 'below' or 'beneath.' So infrastructure is the structure below, and you know what that means in terms of awareness: Out of sight, out of mind."

In the Iceberg Theory of Change that outlines content, processes and structures, (see model below) structures are deep below the waterline, illustrating that we often take infrastructures for granted or may not be aware of their existence. However, they are key to leading the successful implementation of change. The purpose of this article is to detail key organizational structures—big formal ones, techniques, small infrastructures and mindsets—that can help influence organizational behavior.

THE ICEBERG THEORY OF CHANGE

CONTENT
What
(Visible)

COMPETENCIES
RESOURCES

❷ PROCESSES - How
(Below the Surface)

❸ STRUCTURES - Framework
(Deep Foundation)

❶ CULTURE (COMMITMENT)
(Unintended Consequences)

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I. BIG FORMAL INFRASTRUCTURES

1. The Change Leadership Team (CLT)

The **Change Leadership Team (CLT)** is *the most important* big formal infrastructure. As change leaders and champions, CLT members recognize that change is needed and accept responsibility for initiating the required change. As such, this group, which meets monthly, must be led by the CEO and include senior management.

The CLT is a new way to run your business, giving equal weight to managing desired changes in addition to the ongoing daily management of the organization. Headed by the CEO, the CLT leads the strategic change, reviewing progress and coordinating necessary changes.

The CLT gives equal weight to managing desired changes and to the ongoing daily management of the organization. Its purposes are twofold:

1. To guide and control the implementation of any large-scale, organization-wide strategic planning and change efforts.
2. To coordinate any other major performance improvement projects going on in the organization at the same time, ensuring fit with the time and energy demands of ongoing daily business activities.

There are a handful of criteria for CLT membership:
- Senior management leadership teams—for today and the future.
- Informal or formal leaders in the organization that are key to implementation.
- A Staff Support Cadre, including overall change management coordinator, KSM coordinators and internal facilitators.
- Credible staff who are knowledgeable of the developed Strategic Plan.
- Key stakeholders who share and support the Ideal Future Vision.

Each member of the CLT must be willing to have an organization-wide perspective and orientation. The CLT is not a collection of special interest groups coming together, but individuals willing to look at the whole organization as it interacts both in its dynamic environment and inner workings. Openness to future change is a key requirement for success, as is a focus on the customer and the environment. However, their functional perspective is also appropriate in order to implement the organization-wide change through their annual department and individual action plans.

The CLT's change implementation tasks include the following:
1. **Tracking:** Monitoring the top annual priorities and Key Success Measures (KSMs) to ensure that the organization is on track in achieving its Ideal Future Vision.
2. **Reporting:** Sharing top annual priorities, KSMs and state of the strategic change with senior management and key stakeholders.
3. **Adjusting:** Coordinating the modification of the strategic change implementation plan and top annual priorities.
4. **Communication:** Spreading the importance of the strategic change and its success throughout the entire organization.

2. Strategic Management Office (SMO)

Second in importance to the CLT is the **Strategic Management Office (SMO)**. The Zulu people of South Africa have a saying: "You cannot chase two gazelles." It is almost impossible for senior management to chase two gazelles: the day-to-day and also the strategic change process. This is why the change effort requires a Strategic Management Office—a joint group of internal and external senior-level experts in the content, processes and structures of successful strategic change efforts, as well as the business itself (see Players of Change model on next page).

Ideally, the SMO is jointly led by an organizational executive and a master-level external consultant, both of whom are well-respected, have high credibility and report directly to the chief executive. In addition to these key roles, the SMO also requires support staff, a financial analyst, space and a budget.

Usually, the *organizational executive* must have no other day-to-day responsibilities besides the organization-wide change effort. Working through the structure of a SMO, the *external consultant* becomes a systems consultant, working both economic alignment and cultural attunement issues and the 75-percent potential failures. Through the SMO, an external consultant forms a team of two with an internal executive—and both have shared accountability for actual results.

This places the external consultant role in a new light—a systems consultant playing a leadership role in the change and Organization Development fields. The external systems consultant's role in the SMO includes:

- Facilitating the Strategic Plan, the CLT and the Annual Strategic Review and Update
- Developing and supporting change structures and processes to coordinate integration across multiple projects.
- Facilitating the development of the change game plan.
- Acting as devil's advocate by: modeling core values; pushing for concrete decisions, directions and priorities; challenging executives about issues from which they may be backing away; and supporting the decision-making process on difficult issues.
- Contributing mastery-level expertise on both business and people management.
- Leading the internal support team cadre members in their roles.
- Leading an overall Leadership Development System.
- Ensuring development and installation of a Yearly Strategic Management System and Cycle.
- Ensuring integrity to vision, values and positioning.

The SMO is a departure from the traditional approach used by many change consultants and OD practitioners. It goes well beyond process consultation. The external consultant and the internal executive are a *team of two*, responsible for the actual results of the strategic change.

3. A Menu of Internal and External Infrastructures
In addition to the Change Leadership Team (CLT) and Strategic Management Office (SMO), other potential change infrastructures include the following (*use as required*):
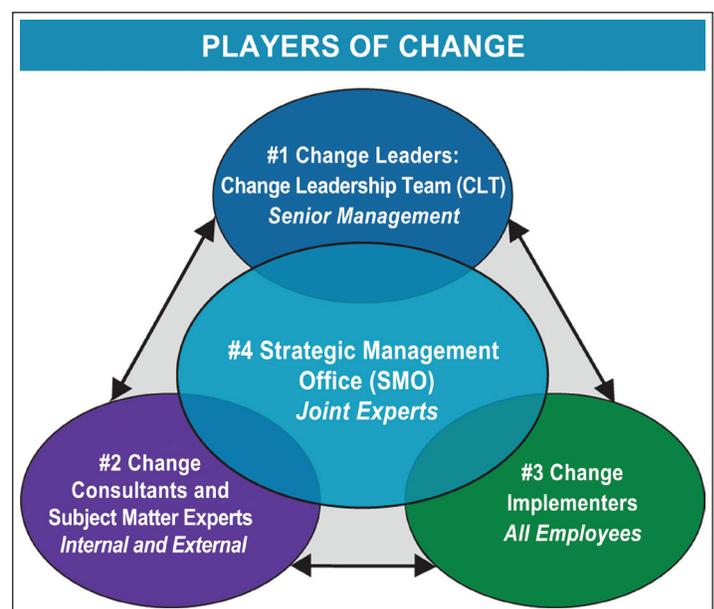
Main Internal Structures: Senior Leadership
1. **Visionary Leadership:** Chief and senior executives
   - For repetitive stump speeches and reinforcement.
   - To ensure fit and integration of all parts and people towards the same vision and values.
2. **Internal Support Team Cadre:** Informal cabinet
   - For day-to-day coordination of implementation process.
   - To ensure change structures and processes don't lose out to day-to-day.
3. **Executive Committee**
   - For weekly meetings and attention.
   - To ensure follow-up on the top 15-25 priority yearly actions from the Strategic Plan.

Internal Sub-Structures: Process and Project Teams
1. **Strategy Sponsorship Teams**
   - For each core strategy, change effort or key initiatives.
   - To ensure achievement of each one, including leadership of what needs to change.
2. **Employee Development Board** (*see next section*)
   - For succession, careers, development, core competencies (all levels), and performance management and appraisals.
   - To ensure fit with desired values and culture, as well as employees as a competitive edge.

3. **Technology Steering Committee**
   - For computer, and telecommunications fit and integration.
   - To ensure system-wide fit and coordination in IT.
4. **Strategic Communications System**
   - For clear, two-way dialogue and understanding of the plan and its implementation.
   - To ensure everyone is heading in the same direction with the same core strategies and values.
5. **Environmental Scanning System**
   - For collecting data from the environment (SKEPTIC).
   - To ensure awareness of coming changes to environment.
6. **Measurement and Benchmarking Team**
   - For collecting and reporting Key Success Measures, especially customers, employees and competitors.
   - To ensure a focus on outcomes and customers at all times.
7. **Accountability and Responsibility System**
   - For focused Three-Year Business Plans and annual department plans that are critiqued, shared and reviewed, as well as individual performance appraisals (for all levels).
   - To ensure a fit, coordination and commitment to the core strategies and annual top priorities.
8. **Whole System Participation Team**
   - For input and involvement of key stakeholders before a decision affecting them is made. Includes Parallel Involvement Processes, search conferences, annual management conferences, etc. (Can combine with #3.)
   - To ensure a critical mass in support of the vision and desired changes.
9. **Rewards and Recognition Programs**
   - For recognizing and paying people for strategic management accomplishments.
   - To ensure reinforcement of the accountability and responsibilities system.

PLAYERS OF CHANGE

#1 Change Leaders: Change Leadership Team (CLT) *Senior Management*

#4 Strategic Management Office (SMO) *Joint Experts*

#2 Change Consultants and Subject Matter Experts *Internal and External*

#3 Change Implementers *All Employees*

10. **Organization Redesign Team**
    - For studying and recommending any necessary organization redesign.
    - To ensure synergy of the strategies, structures, processes, policies, values and culture.

Possible External Change Infrastructures

Depending on its nature, your organization may also require external change structures, including:

- Advisory Board of Directors
- Strategic alliances and partnerships
- Customer and vendor focus groups
- Union-Management Committee
- Community Special Interest Group (SIG) sessions
- Community forums and user groups
- Industry and member conferences

4. Employee Development Board

As the Players of Change model indicates, your employees are your change implementers. As such, it is important to *take care of your employees first.*

It is executive responsibility to link staffing to business strategy via:

- Hiring and selection
- Succession planning and core competencies
- Leadership Development System
- Developmental jobs and experiences
- Training in classroom (internal and external)
- Organization design and structure
- Employee surveys and 360-degree feedback
- Performance system and rewards
- Workforce planning

The purpose of the **Employee Development Board (EDB)** is to proactively manage and create the organization's *People Edge*. There are often several boards on a variety of organizational levels. Management of EDBs includes:

1. **Chair:** A senior officer (preferably the CEO) responsible for stewardship of the organization. He or she links to lower-level EDBs and is responsible for EDB decisions, actions and follow-up.
2. **Members:** Senior line members are responsible for their areas of responsibility, such as succession planning or talent management. In order for the meetings to be successful, they must wear a corporate hat and represent their employees as well.
3. **Top HR Executive and Representatives:** Provide content input, ensure employees fair treatment, handle minutes and logistics and ensure process properly occurs as desired. HR is linked laterally to the EDBs and provides continual follow-up on EDB desired actions.

EDBs meet as necessary, but usually quarterly or monthly initially, depending on the rollout of tasks. Initially, we recommend that only the Executive EDB be established so that offices can gain experience with process prior to involving more senior management.

II. STRUCTURAL TECHNIQUES

Techniques are structural processes that can influence organizational behavior. When properly executed, several techniques help to expedite the change implementation process and ultimately make it more successful.

For more details on the following techniques, see articles by the same name.

1. Smart Start: Plan-to-Plan

The Smart Start: Plan-to-Plan makes sure that you're getting your strategic planning off on the right foot. It is generally accomplished in a one-day off-site meeting. The morning is an **Executive Briefing** on strategic planning, which *educates* your senior management and *assesses* your organization. The afternoon is the **Plan-to-Plan**, which *organizes* the strategic planning process and *tailors* it to your organization.

2. Smart Start: Plan-to-Implement

The Smart Start: Plan-to-Implement step is generally accomplished in a one-day off-site meeting. The morning is an **Executive Briefing** on strategic change, which *educates* your senior management and *assesses* your organization. The afternoon is the **Plan-to-Implement**, which *organizes* the strategic change process and *tailors* it to your organization.

3. Parallel Involvement Process

The Parallel Involvement Process is a new cultural requirement for many change initiatives and the Strategic Plan itself. It is based on the premise that *people support what they help create*. This process provides the opportunity for optimum involvement from all key stakeholders throughout the planning and change process. It is crucial to get the stakeholders' organized participation—not too much, as often happens in the public sector, or none at all, as often happens in the private sector.

In the Parallel Involvement Process, real-time meetings—led by a trained facilitator—are held with key stakeholders after the strategic planning phase. The purpose is twofold:
1. To share information and provide feedback to the core leadership team in order to troubleshoot and improve the plans.
2. To gain understanding, acceptance (*buy-in*) and commitment (*stay-in*) to the overall direction and implementation of the plan.

A thorough job of the Parallel Involvement Process results in fewer implementation problems and less resistance to change. When change happens cooperatively, people feel you're "doing it *with* them rather than *to* them."

The key is to share two points up front:
1. **Guarantee:** We will seriously consider everyone's input.
2. **Limitation:** We are sharing this with many different people so we cannot guarantee that everyone's ideas and words will be exactly said in the final document. (This prepares the organization for contradicting opinions that naturally spring up during the Parallel Involvement Process.)

Realistic expectations are key to a successful Parallel Process.

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Steps to the Parallel Involvement Process include:

1. *Analyze and select all stakeholders.* A stakeholder is anyone affected by the achievement of the organization's objectives.
2. *Identify the "key" stakeholders.* Decide whose involvement in the Parallel Involvement Process meetings is key based on their importance to both the development and achievement of the strategic planning process.
3. *Conduct the next planning or change leadership team meeting.* Detail exactly how to run the meetings by asking the following questions: How do we involve our stakeholders? When and where should we meet? Who should attend? On which documents should we gather feedback?
4. *Conduct a short orientation and training preparation with those planning team members involved in leading the Parallel Involvement Process.* This ensures their coordination and ease.
5. *Conduct the actual Parallel Involvement Process meetings as planned.* The purposes of these meetings include:
   - Explaining the strategic planning effort and the stakeholders' role in it.
   - Clarifying the draft documents to generate understanding.
   - Giving input and feedback to the core planning team, taking into consideration *guarantee* (feedback will be seriously considered) and *limitation* (input is gathered from many different people) mentioned earlier.
   - *Collect feedback on a flip chart, and take it back to the full planning and change management team.* Include common themes and trends (vs. pet peeves), a synthesis of the flip-chart sheets developed at this meeting, and impressions brought back by the planning team representative. *Note:* While the use of flip chart sheets may appear outdated, this technique has a major advantage over electronic note taking: participants can observe that their comments are being accurately captured.
6. *Have the full planning and change management team refine and improve their plans based on the Parallel Involvement Process feedback.* The planning team faces three potential problems: (1) unnecessarily rewriting documents; (2) replacing provocative words and watering the document down to meaningless or mixed messages; and (3) getting trapped in word-smithing debates instead of substance issues.
7. *Provide feedback on the changes made.* Provide a comparison of the old plan and the new plan, explaining the reasons for change. Another way is to highlight the changes on the new plans, similar to a legal document.

4. Large-Group Annual Planning Review
In order to build a critical mass for your strategic change, share department work plans with all key stakeholders in a large-group setting. Lead large-group reviews on annual department plans, and then conduct a strategic budgeting process. These department change reviews are cross-functional. It is key to conduct these review and critique meetings for all department plans to ensure everyone knows and is in sync with the organization's direction for the year.

5. Annual Strategic Review and Update
Our Annual Strategic Review and Update is similar to a yearly independent financial audit. It has three goals:

1. Assess the strategic management and change process itself.
2. Assess the status of the Strategic Plan achievement itself.
3. Assess your organizational capacity for change.

These goals result in updating your Game Plan and Strategic Plan, clarifying your annual planning and strategic budgeting priorities for the next year, and problem-solving any issues raised when evaluating these goals.

Activities for the Annual Strategic Review and Update include:
- Two-day off-site meeting with senior management and others.
- Participative plan to involve entire organization in planning new key initiatives.
- Second meeting with senior management to finalize revised Game Plan.
- Development of new unit or department work plans based key initiatives.
- Large-group department review to ensure continued commitment, and consensus about the change.
- Leadership teams continue regular meetings throughout year.

That is the overall sequence of change: plan, implement and re-plan—all year long.

III. SMALL INFRASTRUCTURES
The following smaller structures also shape organizational behavior.

1. Rules of Simplicity
Stay clear and focused. *Keep all documents to one page*—if you can't boil it down to its essence on one piece of paper, you need to go back and look at it again. In the same vein, limit every e-mail to one subject—and be as concise as possible! Even use colored paper so that the documents stand out. **Remember, simplicity wins the game every time!**

For example, in order to clearly communicate your Strategic Plan to your organization, (1) print it as tri-fold and include (2) one-page Key Success Measures (KSM) matrix, (3) one-page Annual Plan priorities sheet and (4) one-page Yearly Map of Implementation. This will be much more effective that sharing a big, complicated document and overwhelming your employees.

2. Two Guarantees
Guarantees are small structures that go a long way. For example, at the Haines Centre, we have a **Nothing-to-Lose Guarantee** and **No Further Obligations Guarantee**. These simple structures influence our and our customers' behavior.

3. Three Processing Questions
Using simple structures helps to simplify behavior. In order to process a session, ask yourself three questions:
1. *What?* What did we learn?
2. *So what?* Why is it important?
3. *Now what?* What should we do differently next time?

Furthermore, set up **Simplicity Police** to root out complexity, bureaucracy and waste. You will save large amounts of money, as well as many headaches. Your informal employee leaders are often a good way to set up Simplicity Police. Have them ask three other questions:

1. *Continue?* What are we doing well and what should we continue doing?
2. *More of?* What do we need to do more of to increase our effectiveness?
3. *Less of?* What gets in our way of being more effective or efficient?

IV. MINDSETS

My colleague Frank Brletich offered some other words of wisdom: "People don't change until they change their thinking."

Our mindsets are structures that shape our behavior. As such, it is important to instill *mental models* that help shape our behavior. While this is by no means an exhaustive list, The Haines Centre specializes in several mental models that help clarify and simplify the change process:

1. The Iceberg Theory of Change
2. The ABCs of Systems Thinking
3. The Rollercoaster of Change™
4. SKEPTIC Framework for Environmental Scanning
5. Three Goals and Three Premises of Strategic Management
6. Cascade of Planning and Cascade of Change
7. Reinventing Strategic Planning into a Yearly Strategic Management System and Cycle

For more details on these important mindsets, see articles by the same name or visit *systemsthinkingpress.com*.

A Note About Culture Change

Culture is a mental structure that locks in people's minds and tells people how to behave. It is the very deepest part of the iceberg and therefore the hardest to change. However, ***when content and culture collide, culture wins every time***. Therefore, it is important to think about how much change of organizational culture is required. We offer several suggestions on how to do this. Do not take this issue lightly if you approach it. For more information, see *systemsthinkingpress.com*.

KEY 10 PRINCIPLES ON STRUCTURES

1. **Having the right structures in place to begin a change is critical.**
2. **Desired behaviors need desired structures—physical, mental, emotional and cultural.**
3. **Even colors, shapes and visuals are effective structures.**
4. **Structures create chain reactions—slower at first and faster later on.**
5. **Structures need flexibility—being too rigid or too soft are both ineffective.**
6. **In the absence of structures, we create them and they slowly emerge—whether right or wrong.**
7. **The linkages of structures to each other are key.**
8. **Without structures, complacency and chaos reign.**
9. **Persistence with structures is key to change.**
10. **Artificial structures and boundaries can be mistakes.**

SUMMARY

Structures influence behavior. Therefore, it is important to first have the correct organizational change structures in place before proceeding on in Leading Strategic Change. It starts with big, formal structures like the Change Leadership Team and the Strategic Management Office, and going all the way down to small structures like one-page documents. It also involves teaching the collective management (and others) the key mental models up front.

Note: When people think of structures, they often think of the organizational chart. However, *the organizational chart is the biggest resistor to change*. It is designed to be lean and mean, with no variability and excess capacity.

Change fails when you don't have the proper change infrastructures in place. In order to be successful, you need to have a balance between the day-to-day and strategic planning and change.

Remember, structures influence behavior!
*Identifying and establishing critical structures is your **first** Leading Strategic Change task.*

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