AS JOHN KOTTER NOTED IN 1995 – and countless studies have since confirmed – roughly three-quarters of change efforts fail. Why the abysmal record? Because all too often, leaders execute the plan, but ignore the people. Senior leaders may be committed to the change, but the rest of the organization is often ‘compliant’, at best. The more strongly change efforts are imposed from above, the faster individual disengagement and organizational inertia drain away implementation energy.

The good news is, there is a better way. The key to successful implementation of structural change lies in taking a collaborative approach to organization design. This means directly involving the people most affected by the change – inviting them into the process and giving them a meaningful role in crafting the solution. Involvement leads to employees implementing a solution that they ‘own’ and to greater genuine commitment to the solution’s success.

To illustrate how to get to this place, I will use an example from my firm’s work with two leading pharmaceutical companies, which I will call ‘Dragone Pharmaceuticals’ and ‘Crabbe Pharma’. When Dragone acquired Crabbe, the resulting increase in the combined firm’s drug development pipeline created the need for a different business model that shifted most of the work of managing clinical trials to outside vendors. Particularly in as sensitive an area as drug development, a strategy based on coordinating internal studies with those managed externally raised critical concerns about ensuring consistency in the execution of the work. To ensure this consistency, Crabbe needed a set of standards to be applied uniformly to both internally- and externally-managed studies.

Unfortunately, the two groups at Crabbe who would be the most involved in establishing data standards had a history of animosity. The strategy consulting firm hired to work on the project recommended a structural change to
a) create a Standards function and b) to serve as an organizational intervention by forcing the antagonistic groups together. The intervention went beyond having the two groups report to the same leader as parallel functional units. Instead, the two functional managers each swapped half of their group with the other so each would now manage a mixed functional team.

When organizational units have experienced friction, applying a structural change such as this to solve relationship problems is a mismatch of solution and problem. As a result, the unanticipated consequence of the structural changes was a lack of functional guidance by the managers. All too often, the response to a technical question was to direct the employee to the other senior leader who had previously been the employee’s manager. In addition, while the new work in the queue for the Crabbe Standards unit supported development of capabilities required for future studies, the majority of the current work was still driven by Crabbe development projects that were a holdover from before the acquisition by Dragone.

The problem was, the structural change neither supported the development of a desired future state nor supported the execution of the legacy work. As a result of having had the organization change imposed on them, members of the Standards unit felt neither ownership for nor commitment to the new organization design. Unwittingly, the new structure fractured functional-and expertise-based relationships between members of a highly-technically capable workforce, resulting in a loss of effectiveness, feelings of dissatisfaction and disaffection, a fear of losing their ‘technical edge’, and unproductive complication of the leaders’ jobs by pushing them to guide the day-to-day activity in functional areas over which they had no functional expertise.

Eager to improve the situation, the Crabbe Standards leadership team hired my firm to pursue a more collaborative approach to organization design. Such an approach would affect both who was involved in the process and how they were involved. The framework for the sequence of design sessions followed a simple gap-analysis approach:

The order of the three questions explored was crucial. After establishing a shared view of the current situation (1. Where are we?), the team turned its attention to the future state (2. Where do we want to go?), before starting to design the process (3. How do we get there?).

From a ‘how they were involved’ perspective, the effort started with the premise that the group members would know what was really required to execute the work, both now and in the desired future state. From a ‘who was involved’ perspective, the design work started with the management team of the Standards unit and progressively widened involvement as the analysis moved closer to the day-to-day activity of the unit.

Let’s examine each step in more detail.

**Step 1: Current state assessment**

This initial step allowed the senior members of the Standards leadership team to develop a vital shared understanding of their perception of the challenges their organization was struggling to address. These challenges included work left unfinished in the original organization design plan developed by the strategy consulting firm, newer unanticipated activity they had taken on, pervasive dissatisfaction with the current organization structure, and

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concerns about increasing complexity and work volume the team could foresee.

**Step 2: Future state vision**

The next step was to clarify the future state towards which they would be building the organization. This vision was both exciting and daunting, as they had to consider both the three-fold increase in work they had already experienced and the additional three-fold increase they could realistically anticipate. The future vision had a number of structurally-related elements including supporting a fully outsourced model in the next couple of years, retention of in-house technical capability even in an outsourced strategy, and supporting an ‘evergreen’ or continually-evolving approach to standards work rather than assuming that the creation of standards would be a one-time activity.

**Step 3: How to get there**

The organization structure on paper, with all its faults, told only part of the story because it reflected only the formal reporting relationships. To get a better sense of how work actually got done and who employees looked to for leadership on a day-to-day basis, the leaders engaged in an Organization Network Analysis, an approach University of Virginia Professor Rob Cross has explored deeply.

After gathering data on the typical interactions between group members, the leaders considered the pattern of connections, paying particular attention to ‘high traffic’ nodes. These dense connection sites indicated the ‘go to’ people in the organization, people who are repeatedly sought out for their expertise and advice. It quickly became evident that these people were providing much of the day-to-day functional leadership, coaching and mentoring in the organization, and that they represented the *de facto* leadership structure.

The leadership team iterated a couple of structural proposals and assessed their relative merits in supporting the workflow. Based on the perspectives gained from both the Organization Network Analysis data and the gap assessment between the current state and future vision, a structure emerged that formalized much of the informal structure by moving the ‘go to’ people into functional leadership roles.

The leadership team – now expanded to include the leaders identified through the Organization Network Analysis – convened to validate the structure. This larger group discussed and debated the work performed to that point and began formulating a set of RACI [Responsible/Accountable/Consulted/Informed] charts to address decision rights in the new structure. This exercise provided the opportunity for mutual exploration of mental models and assumptions about how work should be done and resulted in clarity about the relative roles and responsibilities of the various functional groups in the new organization.

Having the opportunity to clarify their understanding of the structure, to engage with the group’s senior leaders around underlying assumptions and strategies, and to contribute to the design by building agreements around the function’s roles and responsibilities, the expanded leadership

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**THE COLLABORATIVE DESIGN PROCESS ADHERES TO THE FOLLOWING PRINCIPLES:**

- Design from the work up, not from management down
- Leaders are where you find them
- All elements in the organization system work in alignment, either to reinforce the structure or to work around it
- People need to be coached and developed, and managers need to have time to do this work
- Management’s role is to enable work
- Simple is better
- Organizations change over time, so design for the near term and learn and evolve to the new structure
- Create roles for typical people, not for the unique talent or you’ll be reorganizing again when the unique person’s situation changes
group was able to take ownership for the design and commit to its implementation. In stark contrast to the debacle of the strategy consulting firm’s original restructuring, at this point the group’s entire leadership team was committed to, and felt ownership for, the structure of their organization.

The ultimate proof of concept, and the last critical step in fostering ownership and commitment at all levels of the new structure, was to engage the rest of the Standards group’s members in the process. This involved meetings with each of the new functional teams led by the functional team leader, even though the senior leadership team participated, so that the functional leader’s new role and authority and personal commitment would be evident to the team. The functional teams reviewed and modified the RACI matrices to more accurately reflect the perspectives of how work needed to be performed by the people who did that work every day.

In closing
The organization structure that emerged from this collaborative design process was more closely aligned to the operational needs and strategic direction than the initial structure had been. More importantly, the people in the unit now felt strong commitment to the success of their organization. In the end, collaborative leaders and their teams can create change in any type of organization. The good news is, the answer is in the room.

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**PRINCIPLES OF THE COLLABORATIVE APPROACH**

1. **Bring-in creates buy-in.** The opportunity for meaningful involvement in decisions creates greater ownership for the decision, higher engagement and more active support for successful implementation of the decision.

2. **Change is iterative.** In contrast to traditional top-down approaches to driving change through an organization, this approach recognized that change is an iterative process and that the interaction of organization members at all levels creates greater shared responsibility for a design that has been collaboratively created.

3. **Leadership is three-dimensional.** The leadership team invited the organization into the process to create shared responsibility for the results of the change effort. By using an open process, the leaders demonstrated a commitment to a three-dimensional leadership model:

![Three-dimensional Leadership Model](image)

First, the team demonstrated strategic thinking through the clarity of its overall plan and the prioritization of issues to be addressed. Second, the leaders had sufficient self-awareness to recognize both that they would only have part of the answer and would need to involve the rest of the organization to tap into other perspectives. It was more important for the change to be collectively owned by the organization than for the leadership team to get credit for coming up with a great idea. Finally, the leaders demonstrated collaborative capability through their stakeholder involvement strategy and the efficient execution of group planning sessions.