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THE WELDON COOPER
CENTER FOR PUBLIC SERVICE
UNIVERSITY OF VIRGINIA

PREREADINGS
for the
Building High-
Performance
Organizations
Seminar

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NOTES

SEMINAR DESCRIPTION

Building High-Performance Organizations

This seminar is concerned with the **theory and practice of large-scale organizational change**. It assumes that: (1) after years of observation, seminar participants are "experts" on their own organizations, but (2) they may not have been exposed to an extensive organizational theory background and so need a framework (a diagnostic/change model and analytical approach) to structure and amplify their knowledge and suggest how to use it to effect change, and (3) they want to be part of a positive change process continually driving their organizations toward becoming "higher performing organizations" (defined as *simultaneously* delivering product and service quality, outstanding "customer value," and sound financial performance—"Pick 3").

The organizational change approach that forms the basis of this seminar seeks to "cast a net" over what has been learned from the past 100 years of academic theory and practical applications and to synthesize that knowledge base into a change model explaining why some organizations are high-performers but many are not. The seminar *does not* attempt to "tell an organization what's wrong with it" or to deliver a "cookbook" of what to do to improve it. Rather, the seminar introduces a series of "lenses" through which participants can view their own organizations and decide for themselves what changes may be necessary to improve its performance.

We begin by asking the question "how did we get like this as an organization?" This question begins the HPO diagnostic process; we believe that it is critical to understand how organizations got to be as they are, so that we can decide what we want to keep from our "inherited past" and what needs to be changed. Depending on when the organization was formed, we may find that the support systems and work processes of our organization date from an earlier era; and while they may have been sufficient in that earlier period, they will not be capable of taking us into the future. We conclude by examining the skills needed to function in the future and look at how we might have to change our support systems to achieve these new skills.

We then turn our focus to asking such "outcome-oriented" questions as: "What is high-performance for us?" "How would we know if we were high-performance?" "According to whom are we high-performance?" and "Why do we want to be high-performing in the first place?" but also look inside the organization to ask "What are the *change levers* available to help us move the organization toward higher-performance?" "Are we doing the right 'what'?" "How good are we at it" and "How do we treat each other and our customers?"

Because this seminar is based on a change approach and materials designed for use by "intact" work teams over a relatively long period of time, the seminar will not try to cover all parts of the change model in detail. Rather, we will begin with a thorough *overview* of the model's six interdependent change levers and then focus our time primarily on the first "lever:" the *critical nature of organizational leadership.* Experience has shown that unless an organization gets leadership "right" nothing else "downstream" in the model matters.

Organizational leadership in the HPO model will not be defined the same as "individual leadership" in most management courses. Rather, for us, leadership will be defined as consisting of three parts: (1) a belief set -- *a leadership philosophy* -- about the nature of people and their attitudes toward work, about how people are motivated, about the distribution of knowledge and creativity and how we make decisions, and about how we see the nature of work; (2) a set of functions -- *the "work of leadership"* -- that must be performed at all levels of an organization if the organization is to become high-performance; ; and (3) a new set of "forms" -- *formal and informal ways to share power* -- required to get the work of leadership done. In the process of exploring organizational leadership, we'll discover the need for a fundamental *"mental mind-set" or "paradigm" shift* by everyone in the organization -- moving our "mental view of organizations" from the older, steeply hierarchical, autocratic, control-oriented industrial model to a more inclusive, less-hierarchical, team-based "networked talent model."

The other five change levers -- vision, values, strategy, structure, and systems -- will be discussed as outgrowths of this first lever, but less thoroughly. Participants in the seminar will be asked to help direct the flow of the material presented to best meet their needs. We will use applied examples of *how* the model is being used by teams in actual client organizations to help guide their change efforts. Clients include **federal government organizations** (e.g., the Navy's shipyard corporation (NAVSEA), its Space and Naval Warfare System Command (SPAWAR), its Naval Aviation Command (NAVAIR), and it's Fleet Readiness Center Southwest (FRC); the EPA's Inspector General, National Center for Environmental Assessment, National Environmental Research Laboratory, and Regions IV, V, and VII; the FDA's Center for Veterinary Medicine; NASA's Dryden Flight Research Center); and the National Archives and Records Administration (NARA), **municipal governments** (e.g., the Cities of Norfolk, Portsmouth, and Lynchburg and the Counties of Arlington and Fairfax in Virginia; Sarasota County, Florida; Dayton, Ohio, and Guelph, Ontario, Canada), and **private sector organizations** (e.g., American Airlines, Knolls Atomic Power Laboratory, McKee Foods, and Lockheed Martin's RETEC).

A key assumption of the HPO model and change process is that participants must gain the theory/practice-based "profound knowledge" and skills to diagnose their own organizations in order to begin identifying opportunities for introducing positive change. Although some discussion of implementation techniques (e.g., high-involvement work teams, re-engineering/Business Process Redesign (BPR), Lean/Six Sigma process improvement tools, etc.) will be included in the seminar, the majority of class discussion will center on the theoretical principles, which must be mastered in order to make any of these techniques work.

SUMMARY OF HPO SEMINAR MATERIALS

TABLE OF CONTENTS AND SEMINAR DESCRIPTION

PREREADINGS

➢ *Why Executive Development Programs (Alone) Don't Change Organizations,* by John W. Pickering and Robert E. Matson

➢ *Building High-Performance Organizations for the Twenty-First Century: Lessons from Charleston Naval Shipyard,* by Tom Porter, John Pickering, and Gerry Brokaw

MODULE I: SETTING THE CONTEXT--EVOLUTION OF THE "NATURE OF WORK"

➢ This module begins the HPO diagnostic process; we believe that it is critical to understand how organizations got to be as they are, so that we can decide what we want to keep from our "inherited past" and what needs to be changed.

➢ Beginning with distant **hunter/gather** phase, progressing through the holistic **subsistence-level farmers/crafts** phase and the "reductionist" **industrial** phase, we end up looking into the future to see the outline of the **networked talent model**; we will examine the changes in society ("waves") that contributed to these major paradigm shifts and will seek to understand the inheritance we received from them. Depending on when our organization was formed, we may find that the support systems and work processes of our organization date from an earlier era; and while they may have been sufficient in that earlier period, they will not capable of taking us into the future. We conclude by examining the skills needed to function in the networked talent model and look at how we might have to change our support systems to achieve these new skills.

MODULE II: OVERVIEW OF THE HPO "HIGH-PERFORMANCE ORGANIZATION" DIAGNOSTIC/CHANGE MODEL

➢ Three introductory questions to be addressed: Why are we here (what is this all about)? What do we need to do? How do we get started?

➢ Introduction to the HPO Diagnostic/Change Model: **Six Change Levers**: Leadership, Vision, Values, Strategy, Structure, and Systems; and **Seven Key Diagnostic Questions**: What is High-Performance for us? How would we know if we were High-Performance? According to whom are we High-Performance? Why be High-Performance in the first place? Are we doing the right "what?" How good are we at it? Why do we want to be High(er)-Performance in the first place?

➢ A "generic" definition of High-Performance: *simultaneously* delivering quality products and services, outstanding customer value, and sound financial performance; defining quality: appropriate "design and features" quality and excellent "execution" quality.

MODULE III: LEADERSHIP PHILOSOPHY

➢ After developing the ability to diagnose systems of organizational leadership philosophy, a "paradigm shift" is found to be required in individual and organizational beliefs about the nature of people and their attitudes toward work, the primary sources of motivation, distribution of knowledge and creativity in the organization and how decisions are made, and how work is divided and jobs designed.

➢ Organizations must change their culture, moving from the "industrial model" characterized by an autocratic leadership philosophy to a "networked talent model" characterized by a more consultative/participative leadership philosophy.

MODULE IV: LEADERSHIP FUNCTIONS

➢ This module focuses on the "work of leadership." We view leadership as being distributed throughout the organization; everyone in the organization at every level must do their part of the work of leadership if the organization is to be successful. This work includes the following functions.

➢ *Strategic Customer Value Analysis:* Who are/should be our customers; what do they want/need now and in the future? Mapping the "food chain" vs. the "beneficiary chain;" environmental scanning/ market analysis; political analysis/feasibility review.

➢ *Vision/Values Connected to Strategy, Structure, and Systems:* What does high-performance mean for us, what *higher moral purpose* are we trying to serve, and what values will guide us in achieving it?

This function involves causing a shared vision/values for the unit/organization to be articulated and lived; must "nest" within the next higher level's vision/values. Activities include strategic thinking (an interaction of mission/niche and "theory of the business" thinking), strategic planning (based on the thinking, what direction does the organization/unit need to go and what capacity does it need to develop to go there?), "tactical" operational planning (matching clear actions to required resources), values work (based on our leadership philosophy, individual behavioral values, and operating systems values, what behaviors are required and which are prohibited).

➢ *Suprasystems Integration/Stewardship:* Gluing the parts of the organization back together to accomplish the organization's/unit's vision; creation of mechanisms that align the parts to form a whole; requires a *stewardship role*; rising above "turf" to serve and be responsible for the larger whole – we must be a "steward of the whole, rather than an owner of the piece;" linking with others to address cross-organizational issues.

➢ *Learning, Thinking, Changing, and Renewing:* Staying "on the cutting edge" individually and organizationally; building a *"learning/renewing organization"* benchmarking/best practices/ reengineering/continuous improvement.

➢ *Enabling, Empowering, and Energizing:* Teaching, mentoring, motivating, and bureaucracy busting; providing knowledge, skills, and information required to make good decisions; being proactive; removing barriers to empowerment.

MODULE V: LEADERSHIP FORM

➢ This module focuses on the organizational mechanisms required at every level of the organization for moving from problem-solving in an autocratic style by few individuals to a more collaborative style by teams.

➢ Activities involve building a collective leadership mentality, assuming responsibility for linking units into a whole, and creating "parallel organizational structures" where the thinking/leadership work can be done before returning ideas to the hierarchy for implementation.

MODULE VI: WHERE WORK NEEDS TO BE DONE IN ORGANIZATIONS

➢ This module takes a step back to view the organization as a whole. From this perspective, work is found to be needed at all levels of the organization: first-level units must work on doing the "work of leadership" at their level while exposing themselves to rapid learning in "business/management fundamentals;" mid-level networks of units and departments must begin the process of improving the organization's work and support processes, and the top of the organization must build an effective leadership/management team and must make the demand that all levels help with the change process.

MODULE VII: THE VISION TO PERFORMANCE SPIRAL

➢ This module is an "applied" set of exercises designed to conduct workgroups through the work contained in the "Vision to Performance Spiral."

SUPPLEMENTARY MATERIAL

APPENDIX

WHY EXECUTIVE DEVELOPMENT PROGRAMS (ALONE) DON'T CHANGE ORGANIZATIONS

by John W. Pickering and Robert E. Matson*
Revised and Reissued - January 2010

A number of years ago, while driving from Washington, D.C. to our homes in Charlottesville, Virginia after conducting another in a series of team development sessions for the executive team of a federal agency, we found ourselves considering the following question: "After developing and running executive development programs for top level executives for over three decades, what have we really learned about helping organizations change into high-performers?" The question came up because both of us and our network of organizational improvement consulting colleagues were being asked with increasing frequency to work with executive management teams who were interested in improving their own teams' performance and in producing positive change in their organizations. Most of the members of the network were associated with either the Office of Personnel Management's Federal Executive Institute (FEI) or the University of Virginia's Senior Executive Institute (SEI).[1]

Executive Development Programs and Change

As we talked, several themes began to emerge. First, executive development programs as we have experienced them at the federal, state, and local level and in the private sector are **focused primarily on the developmental needs of individual executives.** Programs such as the Federal Executive Institute's Management Excellence Program for senior federal executives, the University of Virginia's Senior Executive Institute for city and county managers, the Center for Creative Leadership's Leadership Development Program, and similar executive development programs run by universities, companies, and government agencies typically bring peer level "strangers" from different organizations or from different parts of the same organization together in off-site residential settings. Using "high trust, low threat" learning environments, these programs focus intensively on personal renewal and on developing the generalist skills required of individual executives. Using this approach, they often play an important -- even life changing -- role in their participants' personal and professional lives.

However, because of the focus on individual executives, the second theme to

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Robert E. Matson *is a professor of executive education and organizational development at the University of Virginia's Weldon Cooper Center for Public Service providing leadership development programs and consulting to federal, state, and local governments. He served as the Director and a Senior Faculty Member of the Federal Executive Institute, President of Ricker College, and as Vice President of Kent State University. He received an Ed.D. from Indiana University.*

emerge is that **these programs, alone, rarely result in significant change occurring in organizations.** Indeed, when we examine what happens to participants when they return to their organizations after attending such programs (or any kind of traditional "training" program, for that matter), it is easy to understand why there is little impact on the organization.

The scenario usually goes something like this: (1) after the program, participants -- charged up by their experience and with a new readiness to risk change -- reenter powerful organizational environments and cultures that are exactly the same as when they left a few weeks earlier; (2) because no one else from the organization had the same experience with them, they get little reinforcement of their developmental experience and soon have whatever notions of individual and organizational change they picked up in the programs "knocked out" of their heads by the unrelenting press of existing issues and problems (both personal and organizational); and (3) as a result, they often report later that they are more frustrated with their inability to impact their organizations than before they attended the programs.

Thus, returning "change ready" people to "unready" organizations is like planting improved seeds in infertile soil; the potential is there, but the likelihood of positive results is low. A final theme, therefore, is that while executive development programs may be effective in creating the mindsets in individual executives required to help lead change efforts, **a great deal more is needed from the top management of an organization to actually make performance improvement happen**. Top managers of organizations cannot assume, as some apparently do, that sending executives and managers to development programs -- even ones they design and run in-house -- is going to be sufficient to produce positive change in their organizations.

Developing an Approach to Changing Organizations

We had to conclude that good strategies for individual development are not the same as good strategies for organizational development/performance improvement. They may be complementary, but they are not the same. Fortunately, we both have had the opportunity during our careers to work with a number of top level executive teams in both the public and private sectors in developing performance improvement programs. Some of these experiences occurred while we were at the FEI in the form of week-long Work Team Development Programs, but others came from our consulting practices both before and after our FEI tenures and from experience as executives, ourselves, in organizations. Drawing on these experiences and on the work we were continuing to do with organizations in the private sector and in federal, state, and local government, we began evolving our approach to helping organizations improve their performance.

The approach that proved to work best for us was one where we asked the top management teams of organizations (or of relatively autonomous, "bite-sized" pieces of organizations) to critically examine the nature of their own leadership beliefs and behavior and to review and articulate the shared vision and operating values they were trying to build for their organizations. We learned that if we wanted to produce positive change in organizations, **we had to change our developmental target from individuals to natural, intact management and work teams** -- starting with top management teams if possible -- and take them together, as whole teams, through a planned developmental sequence.

Because of the powerful "individual competition" cultures in many organizations, supported by their hierarchical structures and generally benevolent autocratic management styles, we found it critical to have the members of each management and work team involved in the organizational improvement process wrestle with the changes required of themselves personally and of their team as a whole. At some point relatively early in the process, they had to look each other straight in the eye and say "I'm committed to this change process, and I pledge to work with you and the others on our team to make the changes required in me personally and in our collective way of doing business to make it happen."

Development of a High-Performance Change Model

As we worked with more organizations and senior management teams, our approach continued to evolve. It became clear, for example, that the developmental sequence could not be limited to the normal series of "stand-alone" course modules on individual leadership styles, interpersonal communications skills, personal values clarification, meeting management skills, and other modules that characterize many individually-targeted, "stranger-based" executive development programs. Rather, we learned that **the developmental sequence had to be driven by an organizational change model** that links what we know about building high performance organizations together into an integrated system.

The model that evolved was not neutral. Rather, it was clearly normative. Although we believe that all elements of the model are empirically supportable, we began to move away from our "on-the-one-hand; on-the-other-hand" academic roots. We were willing to become more prescriptive about the principles that lead to high performance.

It is clear, of course, that organizations differ widely. We, for example, were working with organizations as diverse as the New York Stock Exchange, NASA, the National Archives, American Airlines, the Navy's Naval Air Systems Command and its Space and Naval Warfare Systems Center-Pacific, and the municipalities of Norfolk, Virginia, Montgomery, Ohio, and Sarasota County, Florida. Never-the-less, we came to believe that **the principles underpinning the model work for the vast majority of organizational types** including most of those in the public, non-profit, and private sectors.

Further, the model that evolved, in itself, contributed almost nothing new to the academic or theoretical side of the discipline. Everything in it had been present in the management literature for at least fifty years. However, the difficulty we found with most organizations was that they were not using what is already known about creating high-performance organizations. We concluded that we did not need substantial "new knowledge" to help organizations change in positive directions; rather **we needed an integrated way for technically trained executives with little knowledge of (or interest in) "management" as a discipline to structure and think about what they already knew** of their own organizations so that they could begin to design performance improvement strategies. The model provided the integrating structure we needed.

Based loosely on Rensis Likert's "Causal Model," Marvin Weisbord's "6-Box Model," McKinsey's "7 S Model," and other similar approaches, the High-Performance Diagnostic/Change Model (HPO Model) attempts to identify the key "levers" available in organizations which can be moved by change agents to nudge the organization toward higher-performance -- see Figure 1 (at the end of the article). [2]

The Critical Nature of Organizational Leadership

The essence of the HPO Model is its focus on the critical nature of **organizational leadership** -- especially its **philosophy, functions, and form**. Executives and managers must examine their own personal assumptions and beliefs and the organization's collective behavior concerning the nature of people and work, the motivation of individuals and groups, the role "bosses" are expected to play, how decisions will be made, and how leadership is going to be exercised in the organization.

Without this personal and organizational introspection and fundamental redefinition of **leadership philosophy**, managers of organizations cannot create the mindsets and conditions allowing the empowerment of employees (and of managers, too, for that matter). Moving from **control** as the primary focus of management to creating **vision alignment, commitment, capability, and confidence** among employees enabling them to become more self- leading and managing is the fundamental change that must occur in management's philosophy. This shift requires managers to believe "deep down" that most people want to be a part of something important; want and can be trusted to do a good job if involved, developed, and supported; and are capable, creative, and innovative individuals.

It also means focusing on the **"work of leadership"** (aka, the "functions of leadership" in the HPO Model): people at every level of the organization doing more visioning and less micro-management, doing more integrating of parts of the organization to serve customers and less "turf" warfare, doing more supporting and enabling and less directing, more teaching and coaching and less controlling, and more team development with a collaborative "win-win" focus and less one-on-one, "win-lose" politicking.

Finally, it means seeing leadership as a team or "network" responsibility rather than a solo activity; it means creating **leadership forms** -- structures and mechanisms -- for sharing power and responsibility with people at all levels of the organization. Thomas Jefferson made clear the function of leadership in an empowered society when he observed more than two hundred years ago: "I know of no safe depository of the ultimate powers of the society but the people themselves, and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them, but to inform their discretion." [3]

As democracy is struggling to "break out" all over the world, it seems like an appropriate time for top managers of organizations to question their reluctance to move away from control, autocracy, and hierarchy as their preferred approach to governance where commitment, consultative/ participative management styles, and empowerment can be shown empirically to produce clearly superior results in most types of organizations.

Top Management Must Cause a Shared Vision and Operating Values to be Articulated for the Organization

Beyond examining itself, top management must also ensure that a clear and compelling -- even inspiring -- **shared vision** is articulated, clearly stating where the organization is going and why. Vision, as we use it here, is more than mission. Vision captures the worth of work. It allows individuals to identify their contributions toward accomplishing an ideal. High-performance organizations are customer centered and market driven. They focus on quality as defined by those who use their

products and services. They are concerned with more than profit or survival; these are not the proper **ends** of organizations, rather they are the **means** to achieving a higher moral purpose. In a classic book on leadership, Warren Bennis and Bert Nanus recognize the importance of a shared organizational vision when they write in their book *Leaders* that a shared vision inspires us all:

....to high levels of achievement by showing...how [our] work contributes to worthwhile ends. It is an emotional appeal to some of the most fundamental needs -- the need to be important, to make a difference, to feel useful, to be part of a successful and worthwhile enterprise." [4]

Top management is also responsible for developing and behaving to a set of **operating values** specifying the organization's desired culture, work climate, and individual and group behaviors. The process of creating and putting in place a new "ideology" for the organization is a critical step in the change process; but it is not an easy one. The old rules, habits, symbols, myths, traditions, mindsets, and assumptions that prescribe the normative management behaviors and undergird present management practices are deeply ingrained.

Positive change requires a critical review of these factors, building on the positive and questioning the negative. Core operating values such as individual dignity, trust, mutual respect and support, openness, leveling, and collaboration must be elevated in this process.

Empowerment Does Not Mean Chaos

To many control-oriented managers, the idea of "empowering" workers and substituting shared vision and values for controls may sound threatening. However, it is critical to understand that "empowerment" does not mean creating a directionless organization with employees doing whatever they want. That is chaos, not empowerment.

Empowerment means building a shared vision of where we want the organization to go, constructing an organizational culture and climate with operating values that enable all employees to actively and creatively participate in pursuing the vision, and then removing the bureaucratic controls and creating a sense of freedom -- within the boundaries established by the vision and values -- so that people can commit their full talents and energies to accomplishing their shared goals. A shared vision and values set, then, becomes the authority for action, and as a result, choices which are consistent with it require less and less review, control, and direction.

Top Management Must Ensure Integrity Between Purpose and Process

Finally, top management must ensure that the **strategies, structures, and systems** of the organization are integrated with and supportive of the organization's shared vision and operating values. Without this congruence between the purpose of the organization and its processes, there is low integrity in the system; and with low integrity, the system will enter a degenerative cycle. Take reward systems for example: if it is decided that teamwork and collaboration are core values for an organization but the reward system is a traditional one which rewards only individual efforts rather than teams and is based on competition rather than collaboration, then the reward system does not support the operating values and there is low integrity in the system.

Employees are quick to see (and point out in a less than gentle manner) such inconsistencies between the stated values of an organization and its behaviors. Old habits ---old organizational strategies, structures, and systems -- and the assumptions behind them are hard to see, but if not addressed in good faith and corrected, such inconsistencies will likely doom any performance improvement effort in the long term. As a result, organizations must expect to devote a considerable amount of "grunt work" to comparing their old strategies, structures, and systems to their new vision and operating values to ensure they support each other.

The High-Performance Change Model and Process Improvement

With the rising interest in process improvement tools like Lean/Six Sigma among organizations in both the public and private sectors, we are increasingly being asked about how customer responsiveness and product and service quality fit with our HPO Diagnostic/Change Model. They are, of course, very closely related. Virtually all of the organizations we have worked with have focused on customer responsiveness, product and service quality, financial performance, and continuous process improvement as a natural outcome of wrestling with leadership, defining their vision and operating values and working to bring their strategies, structures, and systems into line with their vision/values. In a sense, then, the change process we are interested in can be seen as the first step of process improvement, perhaps even "pre-Lean/Six Sigma."

We are concerned, however, that many organizations appear to be laying a mechanical, "techniques only" approach to process improvement on top of a control-oriented, centralized, hierarchical, autocratic management system. Without properly understanding the mindset and organizational changes required by the philosophy underpinning process improvement efforts like Lean/Six Sigma, such organizations will at best achieve no long term gains and may find they have succeeded in significantly increasing the cynicism and hostility of their workforces.

Conclusion

The message for us from these experiences has been clear. Top managers of organizations cannot rely on sending executives and managers to executive development or training programs, alone, to ensure that their organizations will move in the direction of higher performance. Rather, in addition to these programs, positive change strategies in organizations must be developed which focus on taking natural management and work teams at all levels of the organization through a uniform, integrated, model-driven developmental sequence.

As a result of our shift in developmental focus from individual executives to organizations as a whole and the natural work and management teams that make them up, we are beginning to see organizations change. These changes have not come easily or quickly. In one of our municipal clients in Virginia, for example, it took a highly motivated and capable top executive team almost a year to be able to articulate their shared vision, define their operating values, and to make the personal changes necessary to begin behaving to those values in their every day interactions and decision making. But without enlightened, dedicated management to create a positive environment for change and "give per-mission" for it to occur, little significant change is likely to happen in most organizations.

Endnotes

1. OPM's Federal Executive Institute (FEI) is the federal government's primary center for development of career generalist executives at the GS-15 and SES levels. Since 1968, the Institute has offered long-term residential programs designed to sensitize federal executives to the changes occurring in national and international environments and politics; in management philosophies, processes, and techniques; and in the areas of personal development, interpersonal relations, and organization development.

The Senior Executive Institute (SEI) at the University of Virginia offers similar residential programs designed by and for local government city and county executives and managers. Participants explore leadership from both organizational and personal perspectives, with an emphasis on the culture and structure of the Council/Manager form of local government. Participants and instructors compare and discuss differences between entrenched bureaucratic structures and organizational systems based on democratic values-among many other things. SEI's aim is to send participants back to their communities with the tools to help craft a healthy, flexible government and to be prepared to interact effectively and collaboratively with citizens.

2. See Rensis Likert, *New Patterns of Management*, (New York: McGraw-Hill, 1961), Marvin Weisbord, "Organizational Diagnosis: Six Places to Look for Trouble with or Without a Theory," *Group & Organization Studies*, (Volume 1, Number 4, December, 1961), pp. 430-447, and Thomas J. Peters and Robert H. Waterman, Jr., *In Search of Excellence*, (New York: Harper & Row, 1983)

3. Thomas Jefferson, 1820 -- quoted in Marvin Weisbord, *Productive Workplaces.* (San Francisco: Jossey-Bass, 1988)

4. Warren Bennis and Bert Nanus, *Leaders* (New York: Harper & Row, 1985)

Edited 100203

FIGURE 1: The CCHPO High-Performance Organization Change Model *
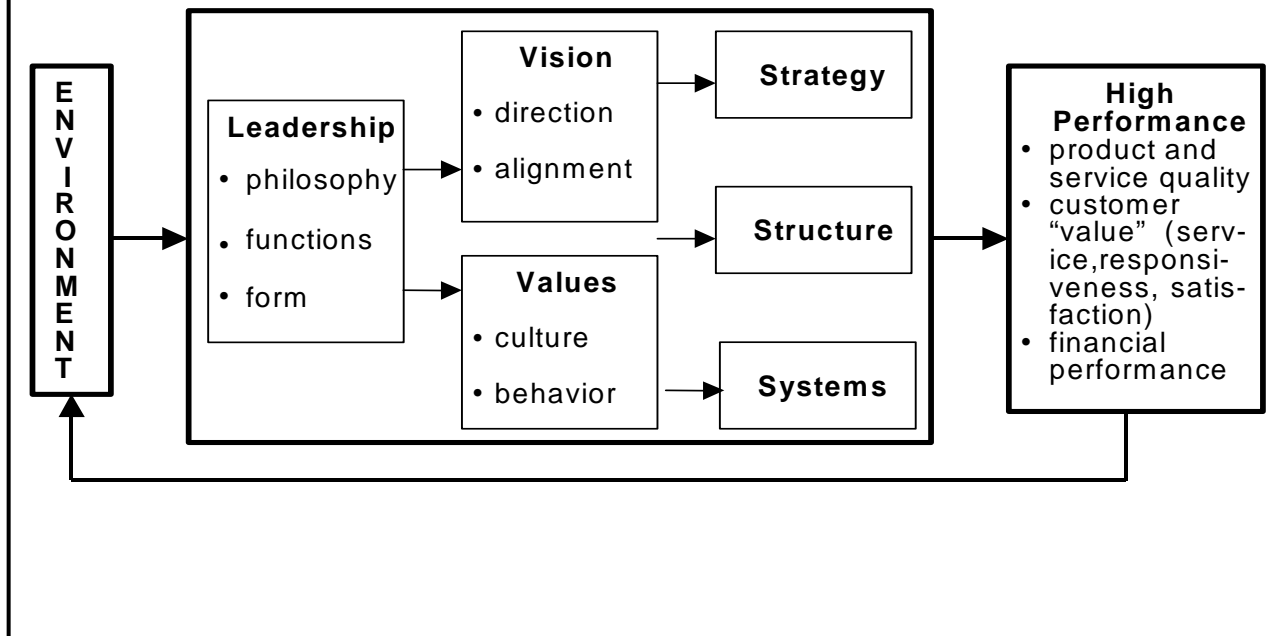
NOTES

BUILDING HIGH-PERFORMANCE ORGANIZATIONS FOR THE TWENTY-FIRST CENTURY: LESSONS FROM CHARLESTON NAVAL SHIPYARD

by Tom Porter, John Pickering, and Gerry Brokaw*
Revised and Reissued -- June 2005

As this article is being written, eighteen months have passed since the Base Realignment and Closure Commission (BRAC) voted to close Charleston Naval Shipyard. Its action came just as Charleston was beginning to show impressive results from a major, multi-year change effort aimed at significantly improving overall performance. The BRAC's decision to close the shipyard at Charleston was not based on its performance compared to other Navy shipyards, but rather was a part of the Navy's larger strategy to close most of its activities in the Charleston, South Carolina area as it tried to adjust to a shrinking fleet and support requirement.

This article attempts to document the changes made to move the shipyard toward higher performance. It also tries to capture some of the practical lessons learned during the effort and to provide those about to begin the journey toward higher performance in their organizations with the thought process, change model, and roadmap used at Charleston.

Charleston's Background: the "Pick Two" Paradigm and the Functional Hierarchy

Charleston Naval Shipyard has contributed a century of service to the nation's defense through the repair, refitting, and modernization of Navy ships. During that period, the yard built a tradition of pride in

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the quality of its workmanship. Further, because Charleston has also been deeply involved in the repair, refueling, and modernization of nuclear submarines for almost four decades, compliance with *product quality* requirements related to safety and workmanship had become its single-minded focus and its definition of what "high-performance" meant to them. And it is easy to understand why in this technically complex, safety conscious business.

Unfortunately, Charleston's single-minded emphasis on product quality also meant that the *customer requirement* to meet the repair schedule and the *financial requirement* to deliver ships at or under budget were never as important as the quality requirement. Charleston's performance on these last two indicators was spotty.

In fact, these three factors were often treated as a set of "trade offs": "Pick two -- I can give you **product quality** and *either* **schedule or cost --** but not all three simultaneously." Under this "pick two" paradigm, if schedule became important, then additional personnel and materials were thrown at the problem regardless of the budget impact. If budget became important, then personnel and materials costs were closely monitored and limited (e.g., restricted use of overtime, no contingency material), resulting in not meeting schedule. The single-minded emphasis on quality clearly did not permit the third "pick two" choice: meeting schedule and keeping to budget at the cost of quality. *Unfortunately, the intense focus on quality also seemed to prevent the possibility of delivering all three simulta-neously -- "pick three" -- even though that is exactly what was necessary for Charleston's performance to improve.*

Charleston's traditional functional hierarchy and its autocratic leadership philosophy further inhibited its performance capability. The work of the shipyard was broken down into the traditional functions of a production-oriented organization -- departments of design and engineering, supply, quality assurance, production, business office, etc.

This functional division of the work was joined to a hierarchically-steep, "top-down," control-focused management approach, which turned the departments into competing "turfs" (called "rice bowls" in Charleston and referred to by many as "titanium rice bowls"). Further dividing the organization was the civilian versus uniformed military and nuclear versus non-nuclear schisms. Finally, as might be expected given these characteristics, labor relations were poor, characterized by low trust, lack of respect, and infrequent, hostile communications.

Performance at Charleston in 1990 was only average compared to other Navy shipyards. At the same time, the number of ships scheduled for overhaul was falling dramatically (the fleet was being reduced from a Reagan Administration high of 600 ships to a Clinton Administration target of 340 or less). As a result, Charleston was facing the need to significantly reduce its workforce of almost 8,000 and to become more competitive -- not only with other Navy yards but with the private sector as well -- if it hoped to survive.

In early 1991, one more factor was added to the equation when Charleston's parent organization, the Naval Sea Systems Command (NAVSEA), directed that all shipyards implement a more custom-er-focused business strategy with a ma-trix-based organizational structure called *Project Management* (**PM**). Under this new structural overlay to the traditional functional organization, each ship in a yard would be designated a "project" with a cross-functional

management team responsible for overseeing its repair, refitting, and/or modernization.

Coupled with this new strategy and structure were a new set of work processes and support systems called *Advanced Industrial Management* (**AIM**). Under this approach, the shipyards would standardize how ships were to be "packaged" for repair/refitting/modernization, and they were to become much more collaborative, sharing planning and work-packaging done in one yard with other yards doing similar work on the same type of ships. In addition, new automated information processing technology would assist managers throughout the projects. This "reengineering" of the planning and production processes of the yards would require rethinking almost every detail of how ships were repaired, refitted, and modernized.

Change Comes to Charleston

In March 1991, then Captain [now Rear Admiral] Tom Porter assumed command of Charleston Naval Shipyard and its challenging, rapidly changing environment. For the next year, Admiral Porter would be reacting to two major change forces: (1) the "reduction-in-force" (RIF) to downsize the shipyard by 1,500 employees and (2) the NAVSEA reengineering/ restructuring to implement PM/AIM. Taken alone, either of these changes would have sorely tried most organizations. Implemented together, they resulted in a "meat ax" approach that rocked Charleston to its core.

A Shipyard Transition Team, composed of senior shipyard civilian and military managers and a "vertical slice" of the organization's most talented personnel, was established in June 1991 to guide the downsizing and reorganization. Using data generated from an Activity Based Costing (ABC) study of overhead activities facilitated by Coopers & Lybrand, the Transition Team directed the downsizing of the organization's administrative and support functions and mapped out the plan for implementing the new shipyard structure. As the RIF and displacements continued, the Transition Team worked through the many complications and problems associated with such a major downsizing/restructuring.

By October 1991, just seven months after Porter assumed command, the reorganization and first phase of the RIF had been completed, resulting in 650 (primarily "overhead") employees leaving the shipyard with another 1,200 displaced through the "bump and retreat" process into new jobs. Five months later, the second phase of the RIF resulted in another 850 overhead employees leaving the yard and 1,600 additional employees displaced to new jobs. Altogether, over half of Charleston's beginning workforce of 7,850 were directly affected by these downsizings (twenty percent left and another thirty-five percent were displaced into new jobs).

It would be hard to imagine more difficult circumstances under which to attempt improving organizational performance. Admiral Porter, however, had no choice. If Charleston was to fulfill its mission to support the fleet with high-quality, customer-focused, cost-effective repairs, refittings, and modernizations -- and have some chance to escape closure in the 1993 BRAC -- Charleston would have to substantially improve its overall performance.

After a half year of "reacting" to imposed change demands, Admiral Porter was determined to take the initiative at Charleston. He began implementing *a three-part change process* designed to fundamentally reinvent the shipyard.

Part One: Implementing The High-Performance Organization (HPO) Change Process. Before assuming command at Charleston, Admiral Porter spent a good part of his career in Navy shipyards preparing for command, including attending several training courses and executive development experiences. As a result, he arrived at Charleston with an array of ideas on how to improve performance in organizations which he had synthesized from many sources including the Navy's Total Quality Leadership (TQL) approach; the University of Virginia, Harvard, and other university programs for senior executives; and NAVSEA's own executive education programs.

It was in one of NAVSEA's executive education programs that Admiral Porter found the approach that was to guide the change process at Charleston. While the production officer at Norfolk Naval Shipyard in 1989, he attended a NAVSEA program presented by Dr. John Pickering, President of the Commonwealth Center for High-Performance Organizations, Inc. Dr. Pickering presented a model designed to help executives and managers understand the "levers" available to help them move organizations toward higher performance. The presentation also mapped out an approach for building "change mechanisms" out of naturally occurring management and work teams at every level of the organization to "pull the levers" defined by the model.

The change model allowed Admiral Porter to bring together, in his own mind, the Navy's TQL effort, its new Project Management/Advanced Industrial Management approach, and other principles he had gleaned from his development activities. It also enabled him to see what had been missing from earlier piecemeal efforts to improve performance at Charleston and the other Navy yards.

In September 1991 -- in the midst of the chaos caused by the reorganization and downsizing -- Admiral Porter invited Dr. Pickering to Charleston to present his ideas on improving organizational performance to the shipyard's eighteen senior military and civilian executives. Based on this group's positive reaction to the presentation, he decided to implement Dr. Pickering's change approach -- called at Charleston the *High-Performance Organization (HPO) Change Process.*

Design of a training sequence -- including a three-day theory-based HPO seminar and a five-day interactive team-skills workshop -- began in January 1992. Admiral Porter personally committed to co-teach every course for senior managers, along with Dr. Pickering and Gerry Brokaw, an organization change and management systems expert from Coopers & Lybrand who had been assisting the Transition Team with the yard's reorganization. The design effort received vital support from Charleston's own training and development department. Under Brokaw's general oversight and guidance, the team-skills workshop -- called "CLIP 1" for Continuous Learning and Improvement Process Course # 1 -- was developed and delivered by Charleston's in-house training staff.

A central tenet of the HPO Approach, however, is that *training alone will not change anything.* Beyond the training, the theory, philosophy, and principles underpinning the HPO Approach would have to become the core of a difficult cultural change process at Charleston. As a result, a plan for "rolling out HPO," including forming *Leadership Teams* at all levels in the shipyard to act on the principles presented in the HPO training, was developed. More on

HPO and how it was used to guide the change process at Charleston is presented below. [1]

In addition to the HPO training and implementation process, Admiral Porter also found that many of his managers and supervisors lacked basic supervisory skills. As a result, he searched for and found a skills development program designed by the Army called the Leadership Education and Development (LEAD) program. After adapting the course for the Navy's needs, LEAD training (also conducted by in-house trainers) began at about the same time as HPO & CLIP -- April 1992. The ambitious objective was to give all managers and supervisors LEAD supervisory skills training within eighteen months.

Part Two: Integrating Project Management/Advanced Industrial Management (PM/AIM) and HPO. As the plan for HPO training and implementation was being developed at Charleston, the NAVSEA-driven reengineering/reorganization to implement PM/AIM was also in full swing. However, aside from a new project-based organizational structure, an underpinning thought process focused on integration and cooperation within and among shipyards, and an increased use of technology, this initiative was not specific on *how* the shipyards were to actually make the approach work. Admiral Porter saw this as an opportunity and committed Charleston to taking the lead among Naval shipyards in developing the leadership philosophy, strategy, structure, and systems required to make PM/AIM work.

Porter began by assigning the shipyard's most respected and talented civilian and military managers to the newly created positions of "project superintendent," who would be responsible for the repair, refitting, and/or modernization of all ships in the yard.

Porter's belief was that the yard's 100 year-old functional departments were unlikely to give up their almost absolute control of a ship as it progressed through their "rice bowls" unless there were some highly respected and influential shipyard "insiders" in the new positions responsible for integrating the yard's support of each ship.

NAVSEA's new PM/AIM approach to ship work placed primary responsibility for each ship in the hands of the project superintendent and a team of assistant superintendents drawn from the major functional departments. These project team members were responsible for managing all aspects of the ship: quality, schedule, customer relations, and budget. They were also responsible for working with their "home" functional departments to get support for their ship. Although they might have to return to their home departments at the end of a project's twelve to eighteen month duration, they were responsible directly to the project superintendent during the period they were on the project team.

Process reengineering work required to implement PM/AIM began in December 1991 and involved rethinking the way all aspects of ship work were done including business management, design and engineering, work planning and packaging, scheduling, supplies and materials ordering and control, automated data processing support, resource management, custom shop work, work-process design and training, and production.

It soon became clear, however, that *the central philosophy needed to support PM/AIM was collaboration and team-based problem-solving*. Since this was precisely the philosophy behind the High-Performance Organization approach, the two initiatives dovetailed perfectly. As a result, Admiral Porter decided that Charleston would merge

the HPO Change Process with the efforts already underway to implement PM/AIM. High-Performance Organization training was delivered to the first two project teams (the USS Providence and the USS O'Bannon) in April 1992. [2]

An indication of the success of this process came some nineteen months later when the Providence was completed at a cost almost twenty-five percent under the norm of similar 688 class nuclear submarines done in other yards and fifteen percent under any Naval shipyard's previous best. This $9 million savings over the previous record was accomplished despite having to invent "on the fly" the new planning and work packaging processes, team roles and relationships, and support systems (including automated systems) required to support PM/AIM. It was also accomplished during a period when *twenty-two* other ships/projects of various sizes and durations were working their way through the shipyard competing for the same declining pool of skilled employees.

The Secretary of the Navy recognized Charleston's performance with a Meritorious Unit Commendation citing "outstanding work for their customers, making a significant contribution to the National defense." Specifically, the Secretary noted that Charleston had:

> ....*set new performance records for nuclear submarine inactivations, saved the taxpayers $42 million on the Navy's second moored training ship conversion and substantially exceeded productivity cost savings goals. These achievements were made possible by improved operations. Improvements included better teamwork, improved labor-management relations, a shift to project management, and effective implementation of the fundamental concepts of the Navy's new Advanced Industrial Management System....*

Further, the Department of Defense acknowledged Charleston for its "Best Manufacturing Practices," while *Network Week* magazine presented Charleston the "Enterprise Network Award for Excellence" (ENNE) for local area networking (other recipients were NCR, AMOCO, and Chase Manhattan). Finally, the Institute of Industrial Engineering chose Charleston for their "Excellence in Productivity Improvement" award, putting Charleston in the company of such previous winners as Ford, Black & Decker, and Texas Instruments.

Part Three: Improving Labor-Management Relations. In addition to HPO and PM/AIM, the third part of the change process at Charleston involved improving relations between the shipyard's management and labor unions. As noted earlier, labor-management relations at the yard were poor, characterized by an "us versus them" mentality, deep suspicion, hostile communications, and serious antagonism. Admiral Porter realized early on that if improved performance were to be achieved, labor-management relations would have to be improved first.

He began immediately after assuming command by building a personal relationship with the officers of each of the yard's three unions (Metal Trades; American Federation of Government Employees [AFGE]; and Planners, Estimators, Progressmen, Schedulers [PEPS]). Frequent meetings and informal conversations between Porter and union officials began to establish mutual respect, trust, and improved communications. By May 1992, fifteen months into Porter's command, labor-management relations had improved enough to hold the first ever labor-

management retreat in Charleston's 100 year history.

The Federal Mediation and Conciliation Service (FMCS) was asked to facilitate a three-day retreat held in Columbia, S.C. and attended by the yard's twenty-one top managers and twenty-one top officials of the yard's Metal Trades Council. The FMCS approach was called "Relations-by-Objective" (RBO) and involved separating the two groups, having each side identify what the issues were from their perspectives, and then having each side respond to the other's concerns. Finally, the two groups were mixed to find solutions and to build consensus on how to reduce the barriers separating them.

Tensions were high as the process began and remained that way through the first twenty-four hour period. Although all participants ate in the same room and attended sessions together, it was clear that they were in two very different camps. By the end of the third day, however, trust had started to build within the group. In order to keep the momentum going following the retreat, Admiral Porter personally briefed all management and union leadership in the shipyard on the results of the retreat within a two-week period. Porter also continued to meet personally with the union presidents on a regular basis.

In addition, a Labor-Management Committee (LMC) was formed to deal with issues immediately as they surfaced. The LMC consisted of ten permanent members -- five from labor and five from management -- and four rotating members -- two from each group. The rotating memberships were designed to expose as many other managers and labor members to the process as possible. During the early stages, a representative of the Federal Mediation and Conciliation Service attended most meetings. It turned out that the representative was not needed as a "referee," but his presence was vital as trust was being built. Recommendations of the LMC did not eliminate or replace the negotiation process nor the union's ability to bargain; rather, the LMC was designed to deal with as many issues as possible under a collaborative, "win/win," team approach.

Over the next year, labor-management relations did begin to improve: labor representatives were included in many of the decisions concerning change at the shipyard, HPO and other training sessions all included union representatives, and union officials had easy access to Admiral Porter to deal with issues before they escalated. Management and labor began see the problems facing Charleston and the need to deal with them as a joint responsibility.

An indication of improved relations came in June 1993 (just over a year after the Columbia retreat), when the shipyard and the Federal Employees Metal Trades Council (the union representing most of the yard's trades employees) became the *first* federal organization to *ever* receive the Director's Award from the Federal Mediation and Conciliation Service for improved industrial relations. A second award for improved labor/management relations came from the Society of Federal Labor Relations Specialists in February 1994.

Figure 1 presents a timeline summarizing the key events described in this article (all "Figures" are shown at the end of the article).

Applying the High-Performance Organization Approach at Charleston

The High-Performance Organization (HPO) Change Model used to guide the

change efforts at Charleston was developed by Dr. Pickering to help managers view and diagnose their organizations (see Figure 2). The model and the theory underpinning it are not new; they are loosely based on Rensis Likert's *Causal Model*, Marvin Weisbord's *Six-Box Model*, the McKinsey Company's *Seven S Model*, and others in the management literature. [3] But, Dr. Pickering discovered -- working with many top managers in both the public and private sectors -- that most managers do not know the management literature. He found that *what managers needed most was a clear, concise conceptual model that synthesized what is in the literature about building high-performance organizations into a diagnostic tool that they could put to practical use in understanding their own organizations.*

Applying the HPO Change Model requires that members at all levels of an organization agree on "what high performance is." They must agree on this for the organization as a whole, for their individual units, and for themselves, personally. Without such a clear understanding and common agreement at all levels of the organization, there is little chance that individual members of the organization, *acting alone and in isolation*, will arrive at a common understanding of what high-performance is or how to achieve it. And if that is the case, then no matter how talented or committed the individual members are, their organization will be unlikely to achieve high-performance. Yet, from the way most organizations operate, this appears to be exactly what they believe will happen.

Instead, organizations wishing to begin moving toward higher performance must establish a collaborative process for articulating and sharing a common organizational vision of what high-performance is, for creating "nested" visions indicating how each unit fits into the whole, and for aligning individual members in the organization with these nested visions.

And it is not enough for an organization to define high-performance as just "wanting to be the best" -- especially if the organization gets to define what "best" is. Consider the all too common mistake made by the dog food factory that wanted to make the "best" dog food in the world and hired the world's foremost experts to produce "excellent" (in their view) dog food. There was only one problem: they couldn't get the dogs to eat the dog food! Organizations seeking higher performance must, as a part of understanding what high performance is, address two additional questions: (1) *"according to whom are we high performance?"* and (2) *"how would we know if we were moving toward it?"*

The HPO Model helps get the "what-is-high-performance-for-us" discussion started by naming *three "generic" indicators of high-performance*. Based on the literature and on Dr. Pickering's experience, the HPO Approach argues that any organization must include the following in its definition of high-performance if it has any hope of achieving it:

- *superior product and/or service quality*,
- *a focus on delivering outstanding customer "value"* (e.g., satisfaction, responsiveness, service, schedule, convenience, courtesy, competence of staff, problem-solving ability, etc.), and
- *sound financial performance.*

One of the first steps taken at Charleston, for example, was to cause these indicators of high performance to be examined. The discussion of the "pick two" philosophy at the beginning of this article

indicates how the indicators were interpreted at Charleston before the implementation of HPO. "Pick 3" -- *simultaneously* achieving high quality, customer value (on- or under-schedule delivery combined with positive, partnership-based customer relationships), and on- or under-budget financial performance -- became the new definition of high-performance at Charleston.

But before the question of "what high-performance is" could be raised or discussed at Charleston, another issue had to be addressed first: *Why was there not already a widely shared understanding of what high performance is at Charleston? What was missing from the organization that accounted for the lack of understanding?* Yet another critical part of the HPO Model had been encountered: the importance of leadership in organizations and the fact that *in most organizations, it appears that the "work of leadership" is not getting done.*

The Need in Every Organization to "Get Leadership Right"

As shown in Figure 2, *leadership* in the HPO Model is seen as a key -- perhaps *the* key -- change lever in building high-performance organizations. In fact, the HPO Approach holds that unless an organization makes full and correct use of the leadership lever, little else matters because the change effort is unlikely to be successful. It must be noted, however, that *the way the term "leadership" is used in HPO differs from many other management approaches; it is used in HPO as a term of art having three parts.*

First, "leadership" is used to refer to a specific set of *leadership functions* -- the "work of leadership" -- which must be performed at all levels of an organization if the organization is to become high-performance. Leadership does not have an individual focus in HPO. Instead, it is viewed from an organizational perspective, and *everyone at every level in the organization must see that the work of leadership gets performed successfully at their level.* The "work of leadership" is discussed more fully below.

Second, "leadership" is used in HPO to describe a set of beliefs about the nature of people and their attitudes toward work, about how to motivate people, about the distribution of knowledge and creativity in an organization, and about the nature of "work" and how it should be structured to get done. Collectively, these beliefs constitute what HPO calls *leadership philosophy*. The HPO Approach is prescriptive about leadership philosophy. Based on empirical research in many different types of organizations over the past sixty or more years, HPO asserts that organizations choosing an *"autocratic"* philosophy will usually not succeed in becoming high-performance. Organizations must move toward more *"consultative"* and *"participative"* philosophies if they are to bridge the gap between just "good enough" and truly high-performance. These terms describing leadership philosophy are discussed in detail below.

The third use of the term "leadership" in HPO relates to *leadership form:* the need to establish organizational mechanisms for sharing and exercising power and authority at every level of the organization to ensure that the organization moves toward higher performance. Leadership in the HPO Approach is seen as shifting from being the responsibility of individuals in positions of authority acting alone to naturally-occurring groups of "allies" -- *Leadership Teams* -- at every level of the organization, sharing authority and acting collaboratively. The

core notion here is that individuals at all levels of an organization must join with their colleagues to become *"stewards"* of their units and of the larger organization

Creating Leadership Teams at Charleston to Operate in a "Parallel Organization"

During the spring and summer of 1992, barely a year after Admiral Porter took command, *a series of Leadership Teams were established at Charleston to ensure that the "work of leadership" would start getting consistent attention* at all levels of the organization. The first change team established was a relatively small Leadership Council made up of Porter and the top eight managers (a mix of uniformed military and civilians) at the yard.

The Council was designed to help Porter guide the shipyard as a whole toward higher performance and began by creating a draft shipyard vision and values statement -- including a definition of high-performance -- to be tested at all levels of the organization. See Figure 9, below, for the final version of the vision/values. One of the values -- Human Dignity/Fairness -- mentioned a "diverse workforce." When Admiral Porter examined his Leadership Council, however, it was anything but diverse: all nine members were middle-aged, white males. *The values -- even in draft form -- had begun to drive the organization's behavior.*

As a result, the Leadership Council formed a second leadership team -- the Executive Steering Committee (ESC) -- by expanding the membership of the Council to encompass a more diverse cross-section of shipyard managers and union officials. After receiving HPO training, the ESC was asked

to meet periodically (two hours per week and one full day per month) as a sounding board to the Leadership Council. In addition, the forty-eight members of the ESC were broken into eight cross-functional Quality Management Boards (QMB's) and asked to guide the review and improvement of key shipyard business processes. The language used to label the teams was taken from the Navy's earlier efforts in Total Quality Leadership (TQL). See Figure 3 for a discussion of how HPO and TQL are related.

Department and division Leadership Councils were also formed, as soon as the HPO theory-based training module and the follow-up Continuous Learning and Improvement Process (CLIP) "team-skills" training module could be delivered to them. Project Teams for new ships were given HPO/CLIP training and follow up team-building as the projects were formed.

Because most organizations have an ingrained functional hierarchy and top-down, autocratic leadership philosophy, the HPO approach tries to create a "protected environment" -- a mental "space" -- *outside the traditional hierarchy* in which Leadership Teams can learn to do the "work of leadership." HPO calls this space the *"parallel organization"* because it depends on the same people as the hierarchy but asks them to operate in Leadership Teams under different rules and relationships to each other in a space "parallel" to the current hierarchy.

At Charleston, this parallel space was created by establishing a set of operating "guidelines" for all teams who would be doing leadership work; Figure 4 lists the "guidelines" for these parallel teams. Learning to follow these guidelines was not easy, especially for individuals used to the 100+ year-old autocratic shipyard culture. The HPO change approach, however, depends on creating the parallel space so

individuals on the Leadership Teams can learn and practice new behaviors, relationships, and skills with a group of "allies" who are committed to each other's *individual* as well as their collective success. It is from this new space that the often dysfunctional effects of traditional hierarchies can be changed. The Leadership Teams at Charleston struggled with these new rules and the behaviors and skills they require, but over time, the teams began to perform effectively to get the work of leadership accomplished.

Admiral Porter also had a difficult task before him. Those who had known him when he was at Charleston earlier in his career remembered him as a classic "take-no-prisoners" autocrat. As a result, making the new rules work with him in the room was difficult in the beginning -- both for him and for the others in the shipyard. Although he had begun examining and changing his own values and behaviors prior to taking command at Charleston, he had to constantly guard against slipping back into his earlier autocratic style.

Again, over time, the changes he had been working on in his own leadership philosophy and behavior became more consistent and believable, and his colleagues came to see him differently. One union official who had known Porter during his first Charleston tour of duty, for example, said to him during an HPO session that "if anyone had told me then that you could and would change your management style, I would have said they were nuts! I can hardly believe how much you've changed, but you have!"

Defining the "Work of Leadership"

Once the key Leadership Teams were formed and space outside the hierarchy was created for them to work in, *it was necessary to ensure that they worked on the "right stuff:" the work of leadership.* This proved to be quite difficult, however, because like most traditional hierarchies Charleston's culture and management systems were almost totally focused on getting pressing, near-term tasks (i.e., "*the urgencies*") accomplished -- even when many of these near-term issues were not really very significant.

Charleston's collective "mind-set" was to move from one "crisis" situation to the next without ever dealing with the significant but less pressing, longer-term issues which, if handled proactively, could have prevented many of the crises from occurring in the first place; issues like: focusing all members of the organization on creating partnerships with customers to better understand and meet their needs; articulating a clear vision of what high-performance is, why it is important, and aligning all members of the organization with it; using the organization's vision and values to reinvent its business strategies, organizational structures, management systems, and work processes; and the other "leadership functions" listed in Figure 5. This "reality" of life at Charleston is summarized in Figure 6: "HPO Analytical Lens for Viewing the Consequences of Organizational Issues."

Stephen Covey, in his book *Seven Habits of Highly Effective People*, uses a similar four-cell matrix to describe an almost identical habit of individuals to focus on their personal "urgencies" rather than the "significant-but-longer-term" aspects of their lives. [5] Covey points out that people often get trapped focusing exclusively on near-term issues and fail to invest in the future, only to pay a higher price later for not having dealt with more significant, but longer-term issues until they become crises. Personal life examples might include:[6]

- *not investing in a solid relationship with a spouse or children (a significant, longer-term issue), and then having to deal with the crisis of a divorce or "problem teenagers." (a significant, near-term issue)*
- *not changing to a healthy lifestyle with good eating habits and exercise (a significant, longer-term issue), and then having a heart attack (a significant, near-term issue); or*
- *not investing in a child's college education when the child is young (a significant, longer-term issue), and then having to finance the expenses out of current income (a significant, near-term issue).*

This **personal** "analytical lens" from the Covey training done at Charleston, combined with the HPO lens for examining **organizational** issues and their consequences, was extremely powerful for describing and understanding the "work of leadership" that needed to be done and in explaining why that work wasn't getting done in the organization. The message was clearly that individuals and organizations must, in the words of the classic television commercial promoting the regular changing of oil filters, "pay me now, or pay me later." They must invest in the significant, longer-term work at the right time or the same issues are likely to return as much larger and more difficult crises later.

Traditional hierarchical organizations, with their autocratic leadership philosophies, however, are designed to deal almost exclusively with Cells I and III. Such organizations ensure -- through centralized, top-down control processes -- that repetitive tasks get accomplished and that any crises that occur get handled reactively as they emerge using resource-intensive emergency problem-solving techniques. Indeed, many hierarchically-structured, and autocratically-run organizations are so focused on Cells I and III issues that they often take measures to prevent members from working on critical Cell II issues: "if you have all that much time to think about the future, I've got some *real work* that needs doing right now!" And since the top managers of the organization are not doing the leadership functions in Cell II, but are instead focused on Cell I crises, they often impose massive reporting requirements on everyone else, taking up what little time the lower ranks might have had for Cell II thinking with endless (and generally useless) status checks, reports, and meetings.

Ironically, because traditional hierarchies are *so* focused on responding to Cells I/III issues, the management systems and work processes used by these organizations to handle such issues (task work and management functions) are often antiquated and inadequate. This is because their near-term "urgency" focus prevents them from doing the Cell II leadership work involved with improving/reinventing/ reengineering these systems and procedures.

This traditional organizational approach may have worked better in times past when workers were unskilled (and often illiterate), when the environment changed very slowly, and when the goal of most organizations was to move from poor to just fair performance. But by not ensuring that the Cell II work of leadership gets accomplished at all levels of the organization, this traditional approach also locks many organizations into a cultural paradigm which, if not changed, leads to the inability of the organizations to survive.

By continuing to follow a 1900's industrial revolution practice of dividing work into three distinct parts (the **task** part, the

management part, and the *leadership* part) and assigning these parts to different types of workers -- laborers, supervisors/managers, and owners/executives -- traditional organizations have formally (through job descriptions) and informally (through comments like "don't think, just do") stripped employees at all levels of the desire and the "permission" to do the work of leadership.

Clearly, to be successful in changing Charleston, the *"work of leadership" would need to become the focus of the Leadership Teams at all levels of the organization*, and "the urgencies" could not be allowed to stifle this critical work. In addition, individuals at all levels of the organization would have to begin seeing their "jobs" as being composed of three integrated parts: the *task completion* part, the *management functions* part, and the *leadership functions* part. Finally, *the leadership philosophy used by Leadership Teams in the "parallel organization" would have to become more participative*, with the teams making it a high priority to abolish the use of autocratic management practices anywhere in the organization -- even in the hierarchy.

Changing the Leadership Philosophy at Charleston

In the HPO approach, *leadership philosophy* is held to be a set of organizational beliefs -- its culture, which underpin the organization's strategies, structures, systems, and behaviors. Ironically, in many organizations, *no one* -- top management to the first line employee -- shares the organization's beliefs! But these beliefs are deeply imbedded in the organization's fabric: in its business strategies, in its work design and processes, and in its administrative systems, including its personnel, financial manage-

ment, purchasing, information management, and general services systems.

An organization's culture often dates from its very beginning or to the beginning of its historical parent. Noel Tichy and Stratford Sherman, in their book on General Electric's Jack Welch, for example, dates G.E.'s culture to the late 1800's when G.E. first became a major corporation. They write:

> *GE's cultural heritage dates back to the late 1800's, when the "modern" business bureaucracy was just emerging....The ideal was a system of such clear and enforceable rules that an organization could function with machinelike predictability. People were not expected to have ideas; the ideas were built into the system itself,...GEers fawned on their bosses and did what they were told, even when their orders made no sense. When criticized by superiors, they turned around and "kicked the dog".... Ambitious GE managers kept their ties knotted and their mouths shut. [7]*

Charleston's culture dated from the same period as G.E.'s: the turn of the last century. Charleston was founded as a shipyard in 1901, and the management practices of its parent -- the Navy and the federal government's central management agencies (the Office of Personnel Management and the Office of Management and Budget) date from roughly the same period.

While *individual* managers and employees may not personally agree with the beliefs underpinning these systems, they "inherit" the organization's culture, management philosophy, and systems; learn to behave according to them (even when they

are aware that they don't like them); and often even come to defend the need for them because "they are the only way we know" or "they made *me* successful." *This is a major factor in explaining why it takes so long to move organizations toward higher performance.*

The HPO approach uses the work of Douglas McGreggor ("Theory X, Theory Y" from *The Human Side of Enterprise,* 1960)--- as researched and expanded by Rensis Likert (*New Patterns of Management,* 1961 and *The Human Organization*, 1967) -- as the theoretical base from which to view, discuss, diagnose, and finally initiate change in an organization's leadership philosophy.[8] Leadership philosophy is seen as being the result of the beliefs held by the organization -- as expressed in its values (culture), strategies, structures, systems, and behaviors -- about the following:

- *the basic nature of people and their attitudes toward work,*
- *what motivates people (once the basics are covered),*
- *the distribution of knowledge and creativity among people in the organization, and*
- *how work should be designed as a result of answering the previous questions.*

How organizations behave toward employees, customers, suppliers, and other stakeholders with regard to these beliefs determines their "leadership philosophy."

At one extreme, for example, are organizations that see people as not liking to work; as not being ambitious and not wanting responsibility; as not doing a good job unless directly and closely supervised and coerced, threatened, and punished; and as lacking in knowledge, talent, and creativity. Such organizations are likely to design control-oriented, steep hierarchies, which tell workers exactly what to do at all times. Workers are not be consulted or involved in designing work processes because they will be seen "as having nothing to say." "Work" is reduced to discrete pieces (i.e., made "dumber and dumber," and workers are directed to perform the work exactly as directed by the supervisor or by a "work rule" set in a rigid, highly regulated, management-defined process. Workers are asked to "check their brains at the door" and are discouraged from making suggestions for improvement. "Its my way," says the boss, "or the highway." This belief set loosely corresponds to what Douglas McGreggor called *Theory X.*

At the other extreme are organizations that see people generally as wanting to do a good job because it is a core human need; as wanting to be part of something meaningful; as being motivated (once basics are satisfied) by challenge, responsibility, achievement, recognition, personal growth, and advancement to more challenging work; and as being knowledgeable and creative (or capable of being made so). Such organizations view good problem-solving, continuous study and improvement of work processes, and innovation as requiring consultation with and involvement of as wide a range of employees as is possible. Under these beliefs, "work" is seen as integrated processes needing knowledgeable, broadly-skilled, and talented workers who collaborate to ensure that jointly-held objectives are accomplished. This belief set represents the essence of *Theory Y* in McGreggor's approach.

The HPO approach uses the empirical work of social scientist Rensis Likert to create a "set of lenses" through which to view and diagnose organizations. Likert's work treats leadership philosophy as a continuum with four possible positions instead of just

two as in McGreggor's *Theory X/Theory Y.* Under Likert's approach, a shift from one position on the continuum to its nearest neighbor would result in a "mindset" shift and a change in organizational behavior, but the shift would not be as extreme as the polar positions defined by McGreggor's binary approach.

In his research, Likert found that organizations with outputs defined as "mediocre" when compared to other firms in their same sectors shared a similar set of behaviors and beliefs which resulted in a leadership philosophy he labeled *"System 1 (S1): Exploitative Autocratic."* This Likert "System" is closest to McGreggor's Theory X. Similarly, he found that organizations whose output was "fair to good" had a similar leadership philosophy that he called *"System 2 (S2): Benevolent Autocratic."* Those with "good to excellent" outputs had a *"System 3 (S3): Consultative"* philosophy; and those with "excellent" output had a *"System 4 (S4): Participative"* philosophy. Likert's "System 4" is closest to McGreggor's Theory Y. See Figure 7 for a description of each of Likert's leadership philosophies. [9]

The HPO approach concludes, from Likert's findings and from its own applied experience, that organizations seeking high-performance can use neither of the autocratic leadership philosophies (System 1/System 2). The "critical parent-to-child" assumptions underpinning these "autocratic" philosophies simply do not correctly recognize the nature, capability, or personal dedication of today's workforce or the need of organizations for help from all levels of the workforce in adapting to rapidly changing environmental conditions. Further, these two autocratic philosophies (as manifested in organizational behaviors, strategies, structures, and systems) do not provide for using the workforce effectively in improving performance.

It also appears clear that organizations which do not change their leadership philosophies toward a more "adult-to-adult" System 3/System 4 philosophy but try to implement many of the current performance improvement initiatives like Total Quality Management/Leadership (TQM/TQL) or self-directed work teams, are likely to fail in their efforts, because these initiatives *assume* at least a System 3 (Consultative) leadership philosophy to already be in place. See Figure 8 for a further illustration of the difference between System 2 (Benevolent Autocratic) and System 3 (Consultative).

The HPO approach holds that *organizations must move to at least a System 3 (consultative) leadership philosophy for hierarchical decision-making if they are to realize their goal of becoming high-performance*. Because issues in Cells I and III (management/task issues) are "near-term," managers may need System 3's "default" method of decision-making when there is not the time required for building the widely supported consensus suggested by the System 4 (Participative) leadership philosophy. When faced with near-term "urgencies," managers in the hierarchy need to consult as widely as possible, given the time constraints and importance of the issues facing them, and then -- if a consensus does not emerge -- they must take all the information presented to them into account and then make the best decision possible within the time available.

While Cells I and III issues are in the hierarchy and may need a System 3 (or S3+) leadership philosophy, *Cell II (leadership) issues are perfectly matched to the System 4 (Participative) leadership philosophy.* Because the issues are "important," they need maximum participation at all levels and the "personal ownership" that comes with it, but

because they are "not-so-urgent," the considerable time required for maximum participation and even consensus-based decision-making is available.

Thus, the HPO Approach argues that *organizations should use a combination of S3 and S4: S3 or S3+ in the hierarchy to ensure that near-term issues get handled in a timely way and S4 in the parallel organization to ensure that the work of leadership gets done* -- including changing the dysfunctional autocratic (S1/S2) leadership philosophies of most hierarchies to a consultative (S3/S3+) philosophy.

But a consultative/participative leadership philosophy does not mean chaos. To many control-oriented managers, the idea of "empowering" workers and substituting a shared vision and set of operating values for controls may sound threatening. It is critical to understand, however, that a consultative/participative philosophy -- i.e., *enabling* combined with *collaboration* -- does not mean creating a directionless organization with employees doing whatever they want. That is *permissiveness* or *chaos*, not collaboration and participation.

A consultative/participative philosophy means building a shared vision of where the organization needs to go, constructing an organizational culture and climate with operating values that enable all employees to actively and creatively participate in pursuing the vision, and then removing the bureaucratic controls and creating a sense of freedom -- within the boundaries established by the vision and values -- so that people can commit their full talents and energies to accomplishing their shared goals. A shared vision and values set, then, becomes the authority for action, and as a result, choices which are consistent with it require less and less review, control, and direction. *It should be clearly understood,* *however, that managers remain accountable under both Systems 3 and 4 for all decisions -- whether made in the hierarchy or in the "parallel organization."*

One of the first tasks of the Leadership Teams at Charleston, then, was to adopt a participative (S4) leadership philosophy for Cell II use in the parallel organization and a consultative (S3) philosophy for Cells I/III implementation of actions/changes in the hierarchy. Managers who had been "scripted" into System 1/System 2 behavior needed to wrestle with the belief and behavioral shifts required by System 3/System 4, and this required team-based discussions about role, behavior, and job expectations. It also required rethinking and redesigning jobs -- including the psychological "recontracting" necessary for people to revalue themselves for doing their "new" jobs. Everyone needed to know that their jobs included not only the completion of the "task/management work" but also the "work of leadership."

As the Leadership Teams slowly began to "get leadership right," they also began to pull two more key HPO Change levers: *causing a shared vision and set of operating values to be articulated for the organization*.

Creating a Shared Vision and Set of Organizational Values for Charleston

The HPO approach views vision and values as performing the following functions for the organization:
- they align its members by defining *what* high-performance means for the organization,
- they release the members' energy by linking them to *why* it is necessary for the organization to be high-performance (i.e.,

why the organization exists in the first place; its "higher moral purpose"),

- they identify *who* the customers are and what they value, and
- they form the basis of a covenant concerning *how* members are going to treat each other and the customers.

In short, vision *specifies the "ends" being sought and for whom and why the ends are important, while* values *specify the "means" that are going to be used to get there.*

The wrestling over vision and values needs to *begin* with the top team; but, because it is in the discussing -- not in the writing down -- that vision and values get shared, the HPO approach holds that Leadership Teams at all levels of the organization must do the same wrestling as the top team. The vision and values for the organization should stay in "draft" form until all levels have had a shot at struggling with the organization's vision/ values and have had to specify their special "niche" -- the part they are willing to take leadership and responsibility for -- in contributing to the whole. This "nesting" of visions and values is what causes the leadership function of *integration* to occur: *each individual and unit must find their place as stewards of the whole.*

At Charleston, the articulation of an organizational vision and values was a struggle. The process began with the Leadership Council, broadened to include the Executive Steering Committee, and eventually invited comment from all managers, supervisors, and union officials in the yard. In addition, Departmental Leadership Councils and cross-functional Quality Management Boards also participated as they worked on their "nested" visions.

The debates and discussions over vision/values were difficult; a great deal of historical, "inter-rice bowl" damage

(including interpersonal wounds) had to be repaired. Although not all the past damage could be dealt with, the goal was to create a different, preferred future. The discussions surrounding "what is our higher moral purpose," "who are our customers and what do they value," and over "what's our niche" were particularly useful.

Rethinking purpose, customers, and niche, for example, led to Charleston seeing itself as more than just a ship repair facility; the organization came to see itself as a major *industrial facility* capable of serving not only the Navy, but other government entities, as well. This resulted in contracts with the Army to refit tanks and with the Maritime Administration (MARAD) to refit some of the nation's reserve supply ships used in Desert Storm. It took eight months to issue Charleston Naval Shipyard's Vision and Values as shown in Figure 9.

Preparing to "Walk the Talk"

During this same period, the Leadership Teams also had to begin acquiring the *team skills* needed to do this important work. The HPO approach assumes that most individuals do not arrive in the work place with the *procedural, problem-solving, or behavioral skills* to be effective on teams.

A five-day Continuous Learning and Improvement Process (CLIP) training module was developed by Gerry Brokaw and the able training department at Charleston -- especially Dean Russell and Al Breland --to help teams gain a basic "survival" level of these team skills. Even the five-day CLIP training, however, proved not to be enough. *CLIP had to be supplemented with frequent direct interventions by organizational development specialists* to help teams

through their initial startup difficulties and to hold a "mirror" up to the teams periodically so they could figure out why things were not working smoothly.

Predictably, the most difficult problem was keeping the teams -- including Admiral Porter's own Shipyard Leadership Council -- from slowly slipping away from their focus on leadership (Cell II) and back into the more comfortable Cells I/III world. One way to help with this was to clearly establish S3 management teams in the hierarchy to deal with Cells I/III, and then continuously remind the Cell II Leadership Teams about where they should be focused. In addition, effective "hand off" mechanisms had to be developed so the Cell II teams could send issues to the hierarchy for tasking and implementation (note: in most cases, they were effectively sending the issues back to themselves -- except that they were then in the hierarchy). Eventually, the teams did become effective in dealing with their leadership (Cell II) agendas.

Unfortunately, the real test of whether the change process had been successful in creating a new set of values -- a new culture -- at Charleston came all too soon in the form of the Base Realignment and Closure (BRAC) Commission's preliminary recommendation in March 1993 that Charleston be closed. Barring a major rethinking by the commission or intervention by the Congress or the President (all unlikely), Charleston would close in just over three years -- in April 1996. This was, of course, devastating news. Despite the fact that Charleston had been well on the way to becoming a high-performance organization with current projects breaking all performance records, it was going to be closed.

It would not have been surprising for any organization to react to this kind of news with anger and denial. Instead, the values of

the organization "kicked in" and showed that the culture had, indeed, changed. The forty-eight member Executive Steering Committee (ESC) immediately convened a strategic planning session to deal with their "new reality." In a two day session which used all their newly acquired team skills and HPO theory, the ESC redrafted the shipyard vision statement to read:

> *Our VISION is to be a Shipyard where the highest priority is placed on our people by providing them the emotional support, training, and marketable skills, which will ease their transition and place them in high demand for future employment. At the same time, we remain firmly committed to fulfilling the needs of our customers in a professional manner and to carrying out the task of shipyard closure with dignity.*

It was an emotional two days, but the important work had just begun. Quickly, the ESC established the mechanisms to do three things: (1) create a major training capability to deliver skills and leadership training (including personally-focused versions of HPO and CLIP) to all interested shipyard workers, (2) continue to support the work on ships in, and still coming to, the yard, and (3) begin preparing for closure. The values were used to test all management and union actions for integrity. Everyone was coming to appreciate what it meant to "walk the talk," even when the "walk" was painful.

Changing the Strategies, Structures, and Systems at Charleston

In the HPO approach, once an organization has wrestled with the "softer," more conceptual change levers, it is time to deal with the "harder" levers: bringing the organization's strategy, structure, and systems into alignment with this critical "rethinking" work. This is a critical transition point for most organizations. Up to here, the work has been in preparation for change. It has been focused on learning and understanding the HPO theory and change model, on forming leadership teams to do the work of leadership, on identifying customers and working on a vision defining high-performance, on changing the dysfunctional behavior of most hierarchical organizations by articulating new values, and on learning the skills required to be effective in teams.

But none of this has actually changed the organization long-term. There is "no credit" in HPO for training, team formation, vision/values work, customer analysis, etc. unless it gets turned into action that actually produces higher organizational performance. Further, if the wrong business strategies are chosen, or needed structural change is not made, or work-processes are not improved, or the organization's support systems continue to stifle action, then the change effort may fail. *HPO is not about doing the early, values-oriented leadership work alone; it is about improving performance. The early work is done because without it the later work is unguided; but without the later work the early work is wasted.*

This phase, then, involves turning the newly articulated and shared vision into an effective strategic plan with actionable goals and objectives, restructuring the organization -- if needed -- to better support the strategic plan, and redesigning/reengineering the organization's work processes and support systems to improve performance. This is also the time for challenging old organizational paradigms, for learning and experimentation, for benchmarking and work process redesign, and, finally, for vision-driven change.

In the absence of a crisis threatening the organization's immediate survival, this phase may be accomplished gradually over a period of time. It is often an "evolutionary" rather than a "revolutionary" period. Early work, in fact, might focus on finding creative ways to use *existing* structures and systems to *approximate* results which will ultimately be wanted from reengineered structures and systems.

By this point in the change process, top managers should be functioning (not perfectly yet, but improving) as an integrated Leadership Team. Individuals on the top team should be consistently elevating themselves above their own units--- their "turf" -- to assume a "stewardship" role for the organization as a whole, acting more and more as a *"board of joint owners"* for the organization. Individual members of the team will still be working on learning the "team skills" required to become effective team members; and it is likely that they will be wrestling with what it means to have to assume *personal responsibility* for the success of every other member of the team. (See Figure 4, above, for the "guidelines" for Leadership Teams.)

As the top team is mastering the skills and behaviors necessary, work should begin on "rolling out" the HPO Process, including asking Leadership Teams to form at succeeding levels of the organization to wrestle with the draft statements of vision and values, to define their part in achieving them, to gain the same team skills and behaviors required in the top team, and to begin working on the strategies, structures, and systems of their units. Change teams

should also be ready, by now, to learn and apply more traditional organizational change approaches and techniques like Total Quality Management/Leadership (TQM/TQL), Continuous Process Improvement (CPI), Business Process Redesign (BPR), Activity Based Costing (ABC), benchmarking and study of "best practices," etc. to improve their work processes.

This is also the time for a major review and alignment of the organization's support systems -- human resources, financial management, budgeting, purchasing, supply, information management, and facilities management -- with the work done on the organization's leadership philosophy, vision, and values. These are the systems that most directly affect employees in their daily lives in the organization, and unless they begin to reflect the new values of the organization, employees will not believe things are changing.

If the human resource system, for example, still designs dead end jobs with top down controls, its hard to see that team work and shared leadership are the new contract. If the organization's values call for collaboration, but its performance appraisal system still fosters competition and "win/lose" thinking, then the charge of "not walking the talk" is likely to surface. If top management seeks to have trust as a value in the organization, but still requires everyone who wants to buy a pencil to get thirty-seven signatures of approval, then the change process will be seen as insincere. Not all of these support systems can be worked on at once, of course, but serious progress needs to be made as quickly as possible.

Many short-term fixes can be made to existing systems, even with their autocratic underpinnings, that allow those systems to be used in new and creative ways that approximate the way the systems should be after

they are aligned. By making a relatively few changes in performance appraisal systems, for example, they could be made much less onerous; and by using existing multi-grade/multi-step compensation systems differently, organizations could get close to where they need to be on compensation: specifically, into "pay banding." Other support systems can be similarly employed to allow an incremental movement toward the desired future state.

In fact, radical change of the systems may be more damaging than this more gradual approach -- especially if employees are not, themselves, ready to change. Learning, experimentation, and pilot projects are the name of the game at this point. This is clearly the hard "grunt" work of organizational change; but if not pushed through to completion, the heady, exciting early progress will not stick, and the organization will be "recaptured" by the old beliefs, values, and behaviors buried in the unchanged organizational systems.

It was clear from the outset, however, that the "normal" HPO approach to organizational change would not be appropriate at Charleston. For one thing, the change process there could never have been orderly, sequential, or "evolutionary." Significant strategic, structural, and systems changes, for example, were already underway as a result of the environment-generated reductions-in-force (RIF) and the NAVSEA developed and mandated Project Management/Advanced Industrial Management (PM/AIM) process *before* HPO was introduced. Fortunately, the changes mandated by PM/AIM -- a matrix approach, collaboration, a client focus, and an increased use of technology -- were precisely the ones likely to have been produced by a "normal" HPO processes. It was necessary, however, have to deal with the damage caused by the

traumatic "meat ax" way in which the RIF/restructuring was implemented and to "cast a net" over the chaos that had resulted.

Once the shock of the initial reductions and structural reorganization subsided, the HPO Process began to pull things together and to provide a road-map to the future for both managers and employees. Drawing on an Activity Based Costing (ABC) study of the support (overhead) functions at the shipyard, decisions were made on redesigning many of the support systems, including human resources and training. These process reviews were carried out by members of the Executive Steering Committee acting through eight Quality Management Boards.

Much of the most difficult work-process redesign work was done directly by the Project Management Teams set up to manage the repair, refitting, and/or modernization of individual ships. The Project Management Team for the USS Providence 688 class nuclear attack submarine, for example, was almost solely responsible, with consultant support, for reinventing the planning, design, and engineering process, work packaging, supply ordering and control activities, and deck-level work management processes needed to support PM/AIM. [11]

The Providence Project Management Team also showed the value of investing in team-development and skills-building activities prior to and throughout the project. Beginning with HPO training prior to starting work on the ship, the project team built in monthly "Cell II" activities -- including a ROPES "outward bound" type team-building experience -- to ensure that the "work of leadership" for the team got handled.[12]

These difficult interdepartmental coordination and work process issues also required higher-level management involvement. Perhaps for the first time in the shipyard's history, the entire structural focus of the yard was on the customer -- i.e., the individual ship. This, however, required figuring out how each department could support a ship's Project Management Team in a "seamless" way with supplies, design and engineering support, human resources, quality assurance support, etc. To reinvent these processes, Departmental Leadership Councils were formed in each department.

It also required two of the departments -- Operations and Resources -- to operate as if they were one. To secure this level of cooperation, a joint leadership change team was established -- the Ops/Resources Leadership Council -- that merged the top management of these two departments on a single "board of joint owners." The development of joint departmental policies and a "unified project management manual" to define and support the required interactions and feedback between the ship project teams and the shops and units supporting them were well under way when the shipyard closure decision came.

Some of the more difficult issues concerned the following: (1) how to keep the ship project teams from competing against each other for scarce work force resources and equipment; (2) who "owns" a project management team member (e.g., does the evaluation on): is it the project team leader or the head of the department to which the member will return at the end of the project; and (3) how does a Project Management Team let a shop know how well the shop is doing in supplying the project with well trained and cooperative workers and with quality shop-fabricated products and services?

The closure action by the BRAC resulted in the decision to use the integrative processes already developed, but to halt

further efforts to develop additional procedures as energy was diverted to preparing for closure. Although their process reinvention work was prematurely halted, the members of the Ops/Resources Leadership Council continued to collaborate: they were determined that the remaining ships in the yard would be effectively supported during draw down.

Work on aligning parts of the support systems at Charleston -- e.g., parts of human resources, finance, supply, information systems, and several others -- with the values was just beginning as the closure decision came. Human resources appeared to be farthest along in its reinvention effort: it had consolidated its once highly divided functions into a "one-stop service center" aimed at better serving employees, it had begun to make changes in the performance appraisal process to make it more useful and less competitive, and it had begun the process of stripping some of the more onerous "parent-child" rules and regulations out of the labor-management relationship (e.g., eliminating the use of time-clocks). This is clearly an area that needed additional time and attention for the change process to become institutionalized.

Lessons Learned from the Change Process at Charleston

The lessons learned at Charleston were many and varied. Some were global with potential application to many other organizations; others were very specific and applicable only to Charleston. Some of the more "transferable" lessons include the following:

1. The most obvious -- and perhaps the most global -- lesson was that becoming a high-performance organization does not necessarily guarantee survival. Sometimes, as here, the external "environment" can be more powerful in determining the ultimate outcome than any thing that is done inside the organization. The best, high-performance buggy whip manufacturer in the U.S., for example, may well have felt an "environmental strain" similar to Charleston's when automobiles were introduced earlier in this century. When the fleet is drawing down from 600 to half that, the environment for Charleston (and the rest of the Navy's shore infrastructure) could definitely be considered negative! Despite the fact that moving toward high-performance will not *guarantee* survival, however, it does appear to offer the best hope for it.

2. A second lesson concerns the difference between training and organizational change. It became clear, during the Charleston change process, that training is, indeed, important in preparing individuals and organizations for change; but it also became equally clear that training is just a tool in the change process: it does not, alone, cause -- nor can it substitute for -- real change in organizations.

Change comes only through hard, time-consuming, collaborative, paradigm-busting, "grunt work." It comes from employing the knowledge and skills obtained in training to the improvement, redesign, and reinvention of the organization's strategies, structures, and systems. If training becomes an "end" rather than a "means," the change process is likely to fail.

It was also found that for training to be most effective in promoting organizational change, it had to be delivered in the natural work groups which will be expected to use it, and this became the basis of the "roll out" of HPO/CLIP/team-building at Charleston. In addition to training, other tools of organiza-

tional change were also necessary, including organizational and team diagnosis, team-building, team process intervention and coaching, strategy/structure/systems/process redesign, and sometimes failure -- followed by trying again.

Although training alone is not enough, having the training/organization development *unit* involved in supporting HPO and the overall change effort from the first proved to be very beneficial. Through their frequent and "close to the front line" involvement with employees, Charleston's training personnel were very knowledgeable about what was going on in the organization. Because they were made a partner in the process, they used their considerable knowledge, skills, experience, and energy to support the effort. Even before the HPO effort began in ernest, the training staff at Charleston was already deeply involved in the LEAD basic supervisory skills training effort. Then, once the HPO roll out began, the training staff assumed primary responsi-bility for delivery of the five-day CLIP team-skills training module. Finally, the training staff also had to ensure that the myriad non-HPO/CLIP training courses offered in the shipyard are aligned with the newly developed shipyard leadership philosophy, vision, and values.

3. A third lesson centered around how to keep the change momentum going. The primary mechanism for change in the HPO approach lies in the Leadership Teams created from natural work groups. These teams must come to understand that doing the "work of leadership" is every bit as much "real work" as individual accomplishment of tasks and management functions.

But how to keep these teams moving toward learning the new skills required to be effective in teams while also performing a new set of functions (leadership) was of significant and continuing concern. Even the shipyard Leadership Council -- the top eight managers in the yard -- kept slipping back into Cell I (or worse, Cell III) activities rather than dealing with the Cell II changes required. Peter Senge, author of *The Fifth Discipline,* uses the metaphor of a rubber band to illustrate the gap or "creative tension" that exists between current reality and desired future. [13] He observes that creative tension can be resolved in only two ways: by raising current reality toward the vision of the desired future or lowering the vision toward current reality. Charleston needed a force to move the organization toward their desired future and prevent it from slipping back to current reality.

The most significant force in keeping the change effort moving was the shipyard commander's unwavering commitment to the change process. His decision to co-teach the three-day HPO seminars and to start and close every LEAD class, his personal struggle to "walk the talk" daily in his interactions with shipyard employees, and his openness to good ideas from every level of the workforce went a long way toward convincing management, union officials, and first-line employees alike that this was something he believed in deeply and took very seriously. By consistently making time personally to do the important Cell II leadership work, Admiral Porter made it clear to everyone in the yard that they, too, needed to find the time and energy to commit to these critical functions.

A second factor contributing to keep-ing the change momentum going was the presence of a full-time "outsider" in the process. Gerry Brokaw from Coopers & Lybrand became the "outside conscience" of the HPO Change Process at Charleston. Paired with an "inside" champion -- Captain Bill Perry, head of the Supply Department

and later head of training as well -- he spent nearly two years "mirroring" team and individual behaviors back, providing needed coaching and mentoring to individuals and the Leadership Teams, and helping facilitate difficult Leadership Council and Executive Steering Committee Cell II sessions. Further, without Charleston's competent training and organizational development staff to extend Brokaw's assistance, additional outside help would have been necessary.

A third critical sustaining factor came when other senior managers like Larry Siddall, Commander Bob Luby, Captain Dave Reilly, and other project managers and department and division heads committed to make HPO work. As they began applying the lessons and skills of HPO and enabling and empowering their workforces, the whole process began to pick up steam and to perpetuate itself. "Veterans" of the USS Providence project, for example, went on to other projects and spread the word that HPO/PM/AIM and cooperation with labor really works; in the end, they became a critical part of the "sales force" supporting the change process.

4. A fourth lesson surrounded the critical importance of improving labor relations to the change process. Admiral Porter made this one of the three key parts of his change strategy, along with HPO and PM/AIM. Visitors from other federal agencies to Charleston as late as June 1994 came away amazed at what they saw: union officials enthusiastically helping to teach and support the HPO principles and approach in the last formal HPO seminar delivered at Charleston. Labor union officials became the other critical part of the change process "sales force."

5. A fifth lesson was the importance of changing the support systems early in the process to align them with the new

vision/values. Although this process was just beginning at Charleston, it was clear that the work on these systems was what convinced union members and managers alike that this change process was serious: that not only were top management going to "talk the talk" but they were going to "walk the walk" by making real changes in the ways people were treated by the organization's systems.

6. The final lesson: the Charleston experience confirmed that change programs which focus on altering organizational strategies, structures, and systems without first defining high-performance, getting leadership right, and articulating and sharing a common vision and values may be of marginal value but will not significantly alter the organization. This point was argued in an earlier article by Dr. Pickering about change approaches like TQM/TQL, but it was the implementation of HPO/PM/AIM at Charleston that provided the proof. [14]

Compared to the performance of other yards also implementing PM/AIM (as well as other non-PM/AIM projects at Charleston), *the success of the USS Providence was clearly the result of wedding the focus on leadership, vision, and values from the HPO approach with the thought processes, technology tools, and project-based matrix organizational structure of PM/AIM.* If PM/AIM at the other yards is allowed to become just a data base and technology strategy, or just a way to structure the organization, or just a way to package the work, then it will fail to achieve the results obtained at Charleston. [15]

Footnotes

1. See also Pickering, John W. and Robert E. Matson. "Why Executive Development Programs (Alone) Don't Work," Training and

Development. American Society for Training and Development, May 1992, pp. 91-95.

2. Although the USS O'Bannon received HPO training along with the USS Providence, the O'Bannon -- for a number of reasons -- never fully implemented HPO or PM/AIM concepts on the project.

3. See Likert, Rensis. *New Patterns of Management.* New York: McGraw-Hill, 1961; Weisbord, Marvin. "Organizational Diagnosis: Six Places to Look for Trouble with or Without a Theory," Group & Organization Studies. Volume 1, Number 4, December 1976, pp. 430-447; and Peters, Thomas J. and Robert H. Waterman, Jr. *In Search of Excellence.* New York: Harper & Row, 1983.

4. Deming, W. Edwards. *Out of the Crisis.* Cambridge, MA: MIT Center for Advanced Engineering Study, 1986.

5. Covey, Stephen R. *The 7 Habits of Highly Effective People: Restoring the Character Ethic.* NY: Simon & Schuster, 1989.

6. Covey calls the cells in his matrix "Quadrants" and uses the terms urgent vs. not-urgent and important vs. not-important to describe the two axes of his matrix; the cells in the HPO analytical lens (Figure 6) intentionally follow the numbering in Covey's matrix to emphasize the parallel nature of the two constructs (Covey's to examine the individual level and HPO's to examine the organizational level); these "personal life" examples are adapted from pp. 150-156 of *7 Habits.*

7. Tichy, Noel M. and Stratford Sherman. *Control Your Own Destiny or Someone Else Will.* NY: Doubleday, 1993, p. 32.

8. McGreggor, Douglas. *The Human Side of Enterprise.* NY: McGraw-Hill, 1960 and The Professional Manager. NY: McGraw-Hill, 1967; Likert, Rensis. *New Patterns of Management.* NY: McGraw-Hill, 1961 and The Human Organization. NY: McGraw-Hill, 1967.

9. Likert was the director of the University of Michigan's Survey Research Center during the late fifty's and sixty's and consulted widely with leading corporations of the day. He studied over 3,500 organizations -- mostly in the manufacturing sectors, but other areas as well -- and found that "output" (defined much as we have defined high-performance in HPO) tended to vary among organizations from "mediocre" to "excellent" depending on their leadership philos-

ophies. See especially *The Human Organization*, 1967.

10. This Star Trek example of different leadership styles was adapted from "Implementing Self-Directed Work Teams with Loren Ankarlo," videotape. Career Track, 1993. Although the videotape did not make the linkage to Likert, we thought it illustrated the S2 versus S3 difference perfectly.

11. For a more complete discussion of this process, see Luby, Robert and John Shultz. "Reengineering and Reinventing the U.S. Naval Shipyards," PMNETwork. Project Management Institute, Vol. VIII, No. 11, February 1994, pp. 15-25.

12. ROPES is an "outward bound" type physical challenge requiring team problem-solving. It creates a tangible, physical metaphor of the support required among individual members of a team. The acronym ROPES stands for Reality Oriented Physical Experience Services.

13. Senge, Peter M. "The Leader's New Work: Building Learning Organizations," Sloan Management Review. MIT Sloan School of Management, Vol. 32, No. 1, Fall 1990. See also Senge, Peter M. *The Fifth Discipline: The Art and Practice of the Learning Organization.* New York: Doubleday/Currency, 1990.

14. See Pickering, John W. and Robert E. Matson. "Why Executive Development Programs (Alone) Don't Work," Training and Development. American Society for Training and Development, May 1992, pp. 91-95.

15. For a discussion of specific "lessons learned" from the projects at Charleston, see Luby and Shultz, pp. 24-25. Among the specific lessons learned were the following:

- *The project manager must be the recognized official responsible for managing the project.*
- *The project manager must be responsible for and control all funds on the project.*
- *The project manager must place primary emphasis on team building, empowerment, and relationship management.*
- *The project team must be assigned early, kept intact, and located near the work site in contiguous spaces.*
- *The project must take responsibility for the project planning process.*

- *The project team must be able to perform true schedule and resource load analysis.*
- *The project team must control the application of labor resources to the project.*

- *The project team must closely monitor the process of developing work instructions.*
- *The project team must manage the work packaging process.*
- *The project team must control changes to the contracted work package.*

FIGURE 1: Summary Timeline of Events at Charleston

1991
Mar   Captain Porter assumes CNS command
Apr
May
Jun   Transition team formed for RIF/reorganization
Jul   RIF begins; Activity Based Costing (ABC) Study, Phase I
Aug
Sep   HPO overview delivered by Pickering for top shipyard managers (N=18)
Oct   Phase I of RIF completed
Nov   ABC Study, Phase II
Dec   AIM reengineering begins; HPO/CLIP training design begins

1992
Jan
Feb
Mar   Phase II of RIF/reorganization completed
Apr   HPO Training to project teams (719 & 987); LEAD training begins; shipyard Leadership Council (LC) formed
May   Columbia labor/management retreat; La bor Management Council (LMC) formed
Jun   Porter delivers partnership message to all managers and union membership
Jul   Draft vision/values shared for comment
Aug   Fourty-seven member Executive Steering Committee (ESC) formed
Sep   USS O'Bannon (DD987) begins overhaul
Oct   HPO "roll out" to managers/union officials begins
Nov   USS Providence (SSBN 719) overhaul begins
Dec   CLIP 1 courses begin

1993
Jan   Public Works Department Leadership Council (LC) formed
Feb   Operations/Resources Leadership Council formed
Mar   CNSY placed on DoD closure list; Supply Department Leadership Council formed
Apr   Command Support Team formed to oversee closure
May   Engineering and Planning Department Leadership Council formed
Jun   FMCS director's award; improved relations
Jul   Final vote in BRAC to close CNS; 930 workers given early out
Aug   ESC reorganized into 5 closure taskforces
Sep   Governer's Award for excellence in Production and Quality
Oct   Final version of shipyard vision drafted; completion of USS Providence
Nov   Created closure structure and project teams
Dec   Created "CNS University" to train workers for outplacement

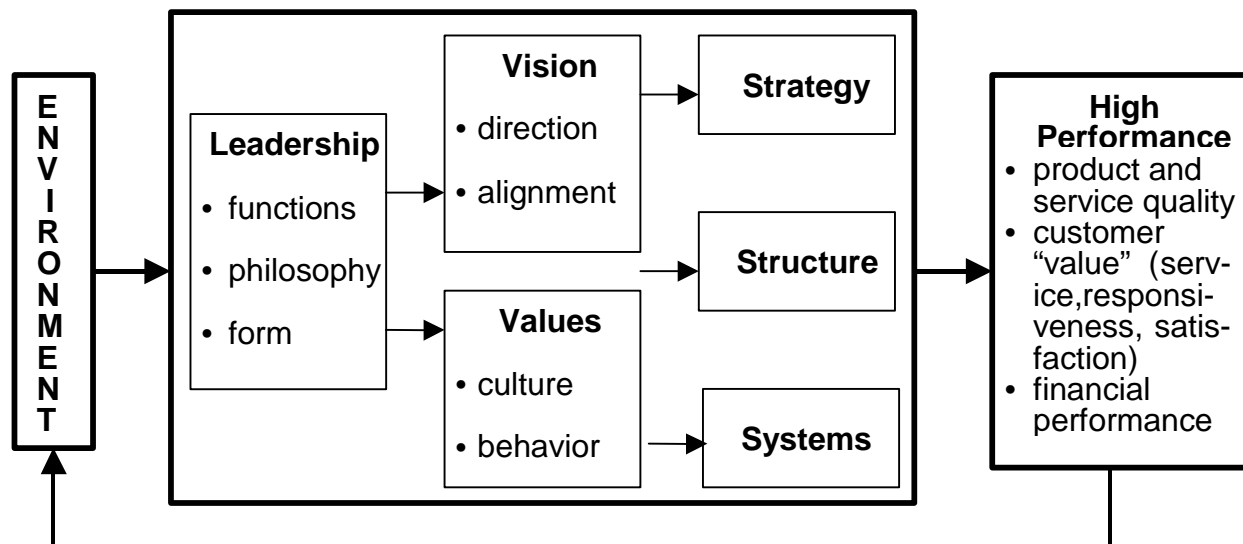**1994**
Jan   Last LEAD course delivered; HPO/CLIP material personalized for delivery to individuals (rather than teams)
Feb
Mar
Apr
May
Jun   Change of command; Porter leaves Charleston
Jul   Porter replaces Admiral Claman at NAVSEA 07

Oct 95 Ship repair complete; yard closure becomes fulltime focus of employees
Apr 96 Projected closing date for Charleston

FIGURE 2: The CCHPO High-Performance Organization Change Model [*]

ENVIRONMENT

Leadership
• functions
• philosophy
• form

Vision
• direction
• alignment

Strategy

Values
• culture
• behavior

Structure

Systems

High Performance
• product and service quality
• customer "value" (service, responsiveness, satisfaction)
• financial performance

* A version of this model was published in John W. Pickering and Robert E. Matson, "Why Executive Development Programs (Alone) Don't Work," *Training and Development,* (ASTD, May 1992), p. 92.

FIGURE 3: The Relationship Between TQL and HPO

Although broader than Total Quality Leadership (TQL) in scope, HPO is related to – indeed, encompasses – TQL. Thus, in order not to add another set of terms to an already crowded change nomenclature and to take advantage of TQL's acceptance and support in the Navy, language from the Navy's Total Quality Leadership program was used to label Charleston's Leadership Change Teams. TQL and HPO are, of course, very closely related. In fact, the HPO Change Process can be seen as the first step of TQL – perhaps even "pre-TQL." Where HPO begins with leadership (functions, philosophy, and form) and then proceeds to vision/ values and strategy/structure/systems, TQL – as applied in many organizations – begins with vision and guiding principles and goes directly to work processes/systems. Not "getting leadership right first" often results in a mechanical, "techniques only" approach to TQL being laid on top of a control-oriented, centralized, hierarchical, autocratic management system. Without properly understanding the mindset and organizational changes required by the philosophical underpinning TQL, such organizations will at best achieve no long term gain and may find they have succeeded in significantly increasing the cynicism and hostility of their workforces. W. Edwards Deming, of course, knew all this. None on his "fourteen points" deal with "techniques." Rather, buried in the points is a focus on getting leadership philosophy right first.[4]
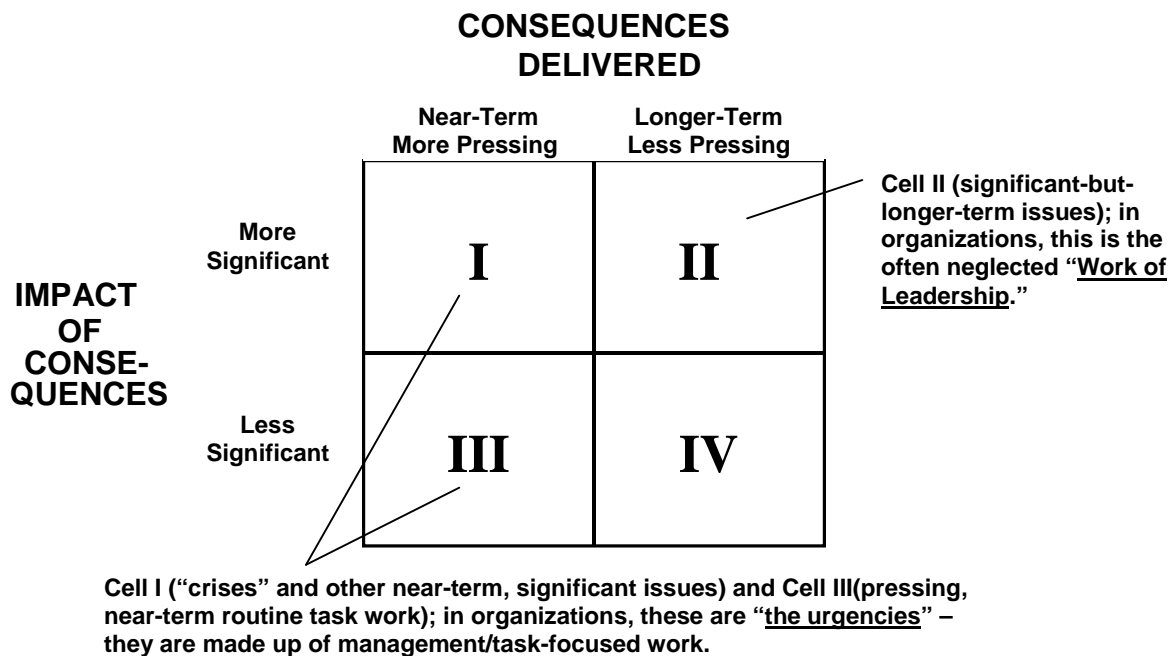
FIGURE 4: Guidelines for Operating Inside the Parallel Organization

- *Normal "Hierarchical" Organization Rules are Suspended:* all team members are equal inside the parallel organization; decisions are by consensus; but note that all decisions inside the parallel organization must also "fly" in the hierarchy; a key role of team members is identifying, consulting with and marketing to major "stakeholders" in the hierarchy.

- *Focus is on Reaching the Best Solutions Possible for the Whole:* members of teams must be committed to a shared vision and values for the organization; a member's "worth" is determined by his/her contribution (e.g., ideas, conflict resolution, consensus building, problem-solving) to helping the team reach the best solution possible.

- *Everyone Gets a Promotion:* to eliminate "turf" and reach solutions that best for the whole, members of teams must "promote" themselves at least two levels in the organization so they can see themselves and their units as parts of a larger, integrated whole; members must view themselves as part of a "board of joint owners" of the whole.

- *A "Regenerative" (rather than the normal "degenerative") Culture is Critical:* such a climate would include: (a) trust-based relationships: while operating in the parallel organization, all interactions must be based on complete trust; (b) honesty: members are expected to level with each other and to have no hidden agendas; and (c) mutual respect: we can disagree without being disagreeable; no personal attacks; each team member must take personal responsibility for the success of every other team member.

- *Confidentiality:* it is often necessary, in order to achieve an open, innovative, and candid discussion of difficult or sensitive issues, for teams to establish a confidentiality rule – i.e., what is said and decided and why decisions are reached is on the board; but who said what is not.

- *No Retribution for Following These Guidelines:* because a low threat, high trust climate is critical in getting candidness and promoting creative problem-solving, no retribution for following these guidelines can be permitted; however, if members do NOT follow the guidelines, there must be consequences.

- *Enforcing These Guidelines is Everyone's Responsibility:* because everyone is equal inside the parallel organization, everyone is responsible for making the process work.

FIGURE 5: Leadership Functions (the "Work of Leadership")

- *Strategic Customer Value Analysis:* who are/should be our customers; what do they value (want/need/expect) now and what will they value in the future?
- *Vision/Values (connected to Strategy/Structure/Systems):* what does *high performance* mean for us, what *higher moral purpose* are we trying to serve, and what values will guide us in achieving it: Our vision/values must be both *articulated and lived,* and our vision must be translated into a *shared action plan.*
- *Suprasystems Integration:* gluing the parts of the organization back together to accomplish the vision; creation of mechanisms that align the parts to form an integrated whole; requires *stewardship*, acting above "turf" as an agent of the whole.
- *Learning, Thinking, Changing, and Renewing:* building a continuously learning and improving organization; personal renewal, growth, and change, redesign, reengineering, and reinvention of the organization's key strategies, structures, and systems; benchmarking and study of "best practices."
- *Enabling, Empowering, and Energizing:* teaching, mentoring, motivating, and bureau-cracy busting; providing knowledge, skills, and information required to make good deci-sions; removing the barriers to empowerment.

FIGURE 6: HPO "Analytical Lens" for Viewing Consequences of Organizational Issues

**CONSEQUENCES
DELIVERED**

	Near-Term More Pressing	Longer-Term Less Pressing
More Significant	**I**	**II**
Less Significant	**III**	**IV**

**IMPACT
OF
CONSE-
QUENCES**

Cell II (significant-but-longer-term issues); in organizations, this is the often neglected "**Work of Leadership**."

Cell I ("crises" and other near-term, significant issues) and Cell III(pressing, near-term routine task work); in organizations, these are "**the urgencies**" – they are made up of management/task-focused work.

FIGURE 7: Likert's Four Organizational Systems/Leadership Philosophies

SYSTEM 1: Exploitative Autocratic	SYSTEM 2: Benevolent Autocratic	SYSTEM 3: Consultative	SYSTEM 4: Participative
• *People are seen as basically lazy, selfish, dishonest, and inept; they will not work unless constantly threatened and closely supervised; workers are exploited and have little recourse.*	• *Not much shift from S1; people are still seen as self-centered an in need of close supervision; because management wants to prevent costly turnover, however, policies are more benevolent.*	• *A major shift from S1/S2p people are seen as wanting – even needing – to do a good job; if they know what needs doing and have the skills, they will do a good job without external controls or direction.*	• *Very similar to S3; people are seen as wanting – even needing – to do a good job; if they know what needs doing and have the skills, they will do a good job without external controls or direction.*
• *People are motivated by the fear of the loss of job, pay, or dignity; they will be terminated or punished if they do not comply with management's directions; "its my (the boss') way or the highway."*	• *In addition to fear/punishment, status is added as a motivator; if workers are "mindlessly" loyal and compliant, they are rewarded with the illusion of advancement; S2 organizations usually have many layers (or "grades") with each layer having many pay "steps."*	• *Once basic "hygiene" factors (pay, benefits, working conditions, safety, administrative policies, etc.) are taken care of in a "fair" way, then motivation is seen as coming with the work; it must provide challenge, growth, recognition, and a sense of contribution.*	• *Once basic "hygiene" factors (pay, benefits, working conditions, safety, administrative policies, etc.) are taken care of in a "fair" way, then motivation is seen as coming with the work; it must provide challenge, growth, recognition, and a sense of contribution.*
• *Knowledge, ability, and creativity are seen as concentrated in management; workers are seen as largely incompetent; as a result, there is no need for management to consult, because labor has nothing useful to say.*	• *Knowledge, ability, and creativity are still seen as concentrated in management; some confidence is shown in technical ability of workers; but organizational decisions are still made without consultation.*	• *Knowledge, ability, and creativity are seen as widely distributed; management does not know all the answers (or even all the questions); it needs help if the best decisions are for the customer and the organization are to be found; consultation throughout the organization is the norm; less hierarchy is needed.*	• *People are seen as being so capable that many responsibilities seen in the past as being the sole responsibility of managers can be transferred to "self-directed" work teams who perform them as part of getting the work done that they are collectively responsible for; flattest hierarchies.*
• *To best control labor, work is divided into small ("dumber and dumber") pieces; there is a supervisor for every 6-8 workers, a manager for each 6-8 supervisors to tightly control, direct, and punish; results in a steep, high hierarchy.*	• *Work is still broken into pieces with management responsible for integration; "critical parent-child" relationship between management and labor (and between each layer in the steep hierarchy).*	• *Work is seen as complex processes involving collectives of employees working together to reach goals; management's responsibility is to create a culture (values, strategies, structures, and systems) that allow for maximum consultation.*	• *Work is seen as complex processes involving collectives of employees working together to reach goals; teams are responsible for task/technical, managerial, and leadership functions.*
• *This is a "master/slave" style; it is clear that the worker is not important to the organization; "if you don't like the deal, there's a bus leaving every five minutes;" its only positive aspect is that it is honest.*	• *This style, while more benevolent, is manipulative; "masters" treat "servants" better, but there is still no say for the servants on "management" issues.*	• *This style is "adult-adult" in relationship; management is still accountable, but recognizes it must consult widely if good decisions are to be made.*	• *This style is "adult-adult" in relationship; management is still accountable, but recognizes it must play a "stewardship" role in creating empowered work teams.*

FIGURE 8: S2 (Benevolent Autocratic) vs S3 (Consultative): *A Star Trek* **Example[9]**

Comparing the television program "Star Trek" from twenty years ago with Captain Kirk at the helm with the more recent "Star Trek: The Next Generation" illustrates the difference between the S2 (Benevolent Autocratic) and S3 (Consultative) leadership philosophies. Twenty years ago, Kirk, when faced with a critical event (e.g., the Klingons are attacking in two minutes and the shields are damaged), takes control and issues orders to protect the ship and its crew. He is a "good parent" here and the crew are his dependent "children." We all hope he is capable of making the right decision, because its clear his view of his role is that he needs to make the call alone.

Fade to the same situation twenty years later on the "Next Generation." Its two minutes until the Romulans (the Klingons are now with the Federation) attack; what does the commander (Captain Picard) do? HE CALLS A MEETING to consult with the key members of his crew! They need to talk fast, of course, but the assumption here is clear: he doesn't know all the answers. To get the best decision possible, he needs input. If the crew can't agree, the commander will take all the suggestions and decide – no question, he's accountable for making something happen. In most cases, of course, his crew does agree, because they are highly skilled and capable. Captain Picard's only role is to sanction – to give the hierarchy's official approval to the crew's recommendation; his only words are "make it so."

FIGURE 9: Charleston Naval Shipyard Vision and Values

VISION

Our vision is to be the shipyard of choice for our customers. In achieving this, we want a shipyard of which we are proud and committed. Where we have an opportunity to contribute, learn, grow, and advance based on merit. Where we are respected, treated fairly, listened to, and involved. Above all, we want personal satisfaction from team accomplishments and friendships, balanced personal and professional lives, and to enjoy our endeavors.

VALUES

LEADERSHIP is the responsibility of everyone at the Charleston Naval Shipyard, from clerks and mechanics to the highest level of management. Leadership must be exercised by each person in ensuring that we live and work by our shipyard's basic core values:

- *TRUST,* based on mutual respect and truth, commitment to the success of others, personal accountability, and a recognition that we all share responsibility for guiding the organization, solving problems, and responding to change. We achieve success through teamwork and mutual support.

- *HUMAN DIGNITY and FAIRNESS* in the treatment of our diverse workforce, such that the opportunity to contribute, learn, grow, and advance is based on merit. We recognize achievement and celebrate success, never missing a chance to commend an individual for a job well done.

- *UNQUESTIONABLE ETHICAL STANDARDS* governing our day-to-day actions as we conduct the important business of this shipyard. Personal integrity is our most important asset.

- *OPENNESS* marked by clear communication of the corporation's goals and how individual performance must support those goals; and where differing points of view are actively encouraged and recognized.

- *EXCELLENCE,* where we all work together to create an environment that encourages initiative and creativity and that empowers the dedicated, hardworking people closest to our customers and products to deliver quality products and services.

- *COMMITMENT* to the needs and successes of our customers and to enhancing the value of our products through industrial automation, technology, reliability, and world-class services.

NOTES