

# CREATING THE DYNAMIC ENTERPRISE: STRATEGIC THINKING TOOLS FOR HUMAN RESOURCES PRACTITIONERS\*

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*Abstract:* In today's rapidly shifting, global business environment, enterprises are facing profound change from multiple directions (the marketplace, competitors, advancing technologies, and growing client expectations). Furthermore, changes are increasing at an accelerating pace, just as most workers and teams are pressured to deliver performance faster, cheaper, and smarter. These tumultuous times call for dynamic enterprises — organizations that can respond rapidly and successfully to dynamic environments. The dynamic enterprise enables its people to deliver high performance under complex business conditions — to turn chaos into strategy, and strategy into action.

Strategic thinking and change implementation are no longer simply the purview of the CEO or senior management team. People throughout the enterprise must be able to understand the array of changing forces in the external business environment and translate these into collaborative, coordinated solutions. Human Resources practitioners can play a critical role in this process. HR can provide the thinking tools that help people to simplify the complexity around them, form clear strategic plans, and communicate with others about the changes needed to bring the enterprise of the future into existence.

This paper presents an overview of Enterprise Development, a model that integrates six strategic thinking and change implementation practices into one comprehensive framework — an overview of what is needed to create the dynamic enterprise, from beginning to end. HR practitioners may use this model to enable their clients to “see the big picture,” to create a blueprint of the changes that are most critically required, and to clarify what is needed to implement them. Enterprise Development offers commonsense concepts and a common language for strategy and change, that enable people throughout the enterprise to communicate with each other about the toughest challenges they face in today's complex business environment.

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## DYNAMIC ENVIRONMENTS

### CALL FOR DYNAMIC ENTERPRISES

In today's rapidly shifting, global business climate, enterprises are facing constant and often profound change — from the marketplace, competitors, advancing technologies, and growing client expectations. Increasing demands for cost containment and new products, when combined with a sense of urgency, produce an atmosphere that is often pressured and complex.

The fact that these shifts no longer affect only one business at a time makes the situation even more challenging. Entire industries are in transition. Frequently changes in one industry exert new pressures on and offer new opportunities to other related industries. This cascading, interactive network of change is unleashing forces that have thrust many organizations into disarray at the very time when they need to deliver high performance.

From all indications, current levels of change are just the beginning. Changes in the workplace not only are complex and multidimensional, approaching on many fronts at once, but they are also occurring at an *accelerating* pace. As each change enables and even necessitates a new wave of change in another area, changes increase exponentially.

Answers that made sense in earlier times are often suddenly irrelevant. Leaders and managers find themselves facing challenges for which their education and business experiences provide no precedent. Previous practices for managing change (generally for managing a single major change initiative or for managing a large-scale but unidimensional change) are inadequate for working through the complexity of the multidimensional challenges faced today. Often, no other firm or institution can provide an adequate or time-tested benchmark.

How is an enterprise to survive and thrive under such tumultuous conditions? How can leaders, managers, and other stakeholders make sense out of the many new forces impacting their work? What is needed to find clarity and guidance in midst of this chaos?

These questions represent serious challenges and responsibilities for most businesses, as well as non-profit institutions, and government agencies of our times. If our enterprises are incapable to find meaning and clear direction among constantly shifting priorities, they will face significant troubles. It is now critical to build continually changing, *dynamic* enterprises that can integrate the many new impacts and forces.

The dynamic enterprise is capable of rapid and successful response to a dynamic environment. It enables its people to navigate the challenges of continual and exponential change, to turn chaos into shared strategic direction and clarity, and to transform complex change into momentum for moving toward the desired future.

## ***Definition of the Dynamic Enterprise***

*The dynamic enterprise continually transforms the multitude of changes occurring around it into coordinated strategic actions by its people to further the development of its products and services.*

A work group of any size or scope can become a dynamic enterprise. The concepts apply to global corporations, divisions or departments within a company, or cross-functional project teams. In addition, a dynamic enterprise can include a group of strategic partners, a supply chain or "value chain" of clients and suppliers, or a network of alliances crossing many companies.

## ***The Dynamic Enterprise is a People-Driven Enterprise***

The responsiveness, adaptability and imagination essential for handling the dynamism of today's business environment can only be fulfilled by its most responsive, adaptive, and imaginative element: its people.

In the traditional, hierarchical "functional organization," the organization structure itself was designed to focus, even limit people's actions. In a predictable environment, structured job descriptions and stable performance criteria were adequate to guide people in their day to day work. One knew one's job, could perform to specifications, and could fairly easily experience a sense of accomplishment about a job well done.

In the dynamic enterprise, it is people, rather than the existing organization structure, that guide the strategic choices to be made. People have a much larger role to play in integrating shifting and diverse input, in making strategic decisions, and in coordinating these with. Existing organizational forms and job descriptions are no longer sufficient to guide the array of choices to be made. People are needed because dynamism requires choice, imagination and courage.

If stable structures can no longer direct people to the best set of actions, what can guide them? In a dynamic environment, people need a new set of skills to help them navigate the complexities of the changing enterprise. They need to be able to formulate emerging data into meaningful information that can guide their actions day in and day out. They need to be able to collaborate with others in this effort, to develop team and work group strategies that align with the strategies of other teams and the larger enterprise. Just as important, they need to know how to turn these strategies into real performance, into coordinated action throughout the enterprise.

## THE TRANSFORMATION OF THE HR FUNCTION: ENABLING THE DYNAMIC ENTERPRISE

The HR function, more than any other, can and indeed must take responsibility for providing the critical assistance required for people to create an enterprise that is responsive to the continuing changes imposed by a dynamic environment. It is an essential new requirement for HR practitioners to ensure that people have the skills and tools needed to move their enterprise into the future. In the current environment of continuous change, people throughout the organization must become skilled at creating collaborative strategies and implementing effective change. They must be able to turn chaos into strategy, and strategy into performance.

HR's role in enabling the creation of the dynamic enterprise can be labeled "**Performance Support**," since it is the goal of HR practitioners to support successful performance of their clients in response to a dynamic environment.

All stakeholders need to be involved in creating the dynamic enterprise. To do so, they need to understand what they are facing together and need to be able to communicate with each other—throughout the enterprise—about changes ahead. In order to effectively facilitate strategic thinking and change implementation, HR practitioners must enable people:

- To see the big picture — to simplify and understand the complexity of forces impacting their enterprise, so they can choose the best strategic direction.
- To engage all key stakeholders — to build a sense of ownership and responsibility among all relevant stakeholders so they can contribute their best thinking to the challenges ahead, and be willing to put their plans into action when it is time to implement.
- To build a blue print that promotes ongoing dialogue and coordinated change throughout the enterprise.

How can people develop the required skills in the midst of an already busy work schedule? (One group we worked with described this as needing to change the tires while still riding the bike).

In their role of "Performance Support" to the dynamic enterprise, HR practitioners can make a critical contribution so people can succeed in making the needed changes. They can provide strategy and change tools that enable large numbers of people to make collaborative decisions and take the individual actions needed to bring the enterprise of the future into existence.

## **STRATEGIC THINKING TOOLS FOR HUMAN RESOURCES PRACTITIONERS**

In times of complex change, people need tools to help them think strategically and to coordinate the changes they themselves will need to implement. They need a way to reduce the complexity into a manageable number of categories, and to understand how these categories relate to each other.

When given an integrating model using common sense language, people are able to simplify and understand the complexity around them. This capability settles people. It enables them to think clearly about difficult issues, to build shared views and maps with others and work collaboratively. It enables them to communicate about an otherwise complex business. It promotes a sense of predictability in an otherwise unpredictable environment.

In times of great change, the most helpful strategy and change tools are those that provide:

- A manageable number of basic building blocks
- Straightforward connections between the building blocks
- Concrete commonsense language and a shared vocabulary for change
- A blue print map to clarify the big picture

### ***The Enterprise Development Framework***

"Enterprise Development" (ED) is an integrated set of tools for strategic thinking and change implementation that HR practitioners can use to enable their clients to create and maintain a dynamic enterprise. The Enterprise Development Framework helps HR clients understand how to move their enterprise into the future, from beginning to end. They can see all the steps that will be required, and understand how each step links to the others.

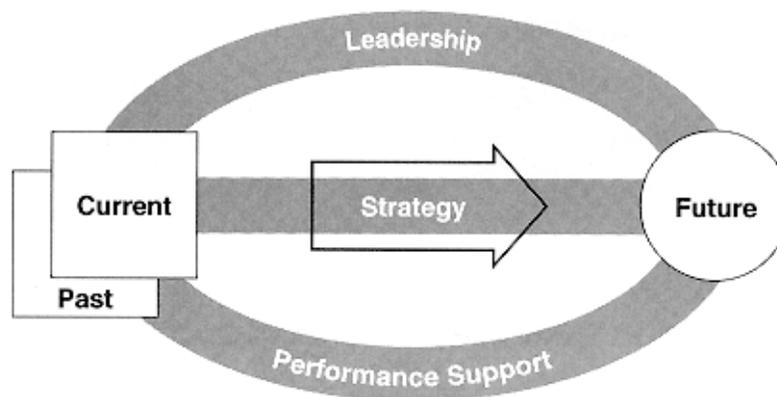
### ***The Six Competencies of the Enterprise Development Framework***

The creation of the dynamic enterprise requires six developmental capabilities or core competencies from people throughout the enterprise. These competencies carry the enterprise through the comprehensive process of strategizing and changing, from beginning to end — from the first glimmer of external forces shifting on the far horizon; to engaging key people in the enterprise in strategy, design, and implementation; all the way through to measuring that the changes planned were actually implemented.

The Enterprise Development Framework offers six practices or “tools” to help build each of these core competencies:

1. Seeing the whole system
2. Creating a shared future
3. Seeing the past and current enterprise honestly and accurately
4. Understanding the nature of the change
5. Mobilizing and aligning the three essential drivers for change
6. Implementing the change — turning strategy into performance

*The Enterprise Development Map* serves as an integrating, comprehensive framework for the essential elements and steps necessary for building a dynamic enterprise. Each area of the map corresponds to a particular competence. Seen together in combination, the six areas link to one another and form an integrated whole. Figure 1 shows the basic template for the map.



**Figure 1. The Enterprise Development Template**

The map functions as a strategy and change tool in itself, providing several benefits:

- It clarifies how each core competency links to the others.
- It graphically illustrates the essential concepts of Enterprise Development in a way that makes them easier to remember.
- It provides a clear image that can be used to communicate ideas to others.
- It provides a practical mapping tool.

Using the template, members of an enterprise can write in the most important data from each component of their change process: the past and current conditions, where they are going, and the changes and activities that will need to occur along the way. For each of the steps the most critical agreements from a given work group can be written into the Enterprise Development template to produce a customized development map. Work groups often use chart pad pages or large wall maps spread across a room which can be condensed and

reduced to provide notebook-sized handouts, or can be posted on a website or computer network for work groups to access electronically. Some enterprises create an enterprise-wide map and then encourage departments or teams to create their own maps (in alignment with the larger enterprise strategy).

Creating this map helps keep the development process visible to all members of the enterprise. It also provides a living, dynamic map that changes as the Enterprise Development process progresses. Documenting shared agreements as they are made helps build common ground for the work ahead.

## ***1. Seeing the Whole System of the Enterprise — The STEP Model***

It is useful to define the terms “business” and “organization” in order to avoid confusion. An enterprise is made up of a business supported by an organization. The *business* is the enterprise's function: it delivers products and services into an external environment (made up of a marketplace with opportunities, competition, a culture, economic pressures, government regulations, resources, partners, and other forces or groups that can impact the enterprise). The purpose of the *organization* (the enterprise's *form*) is to help the business to succeed within its environment. As the environment changes, the business and the organization may both have to change. If the business and organization are not aligned, the enterprise will find itself in trouble.

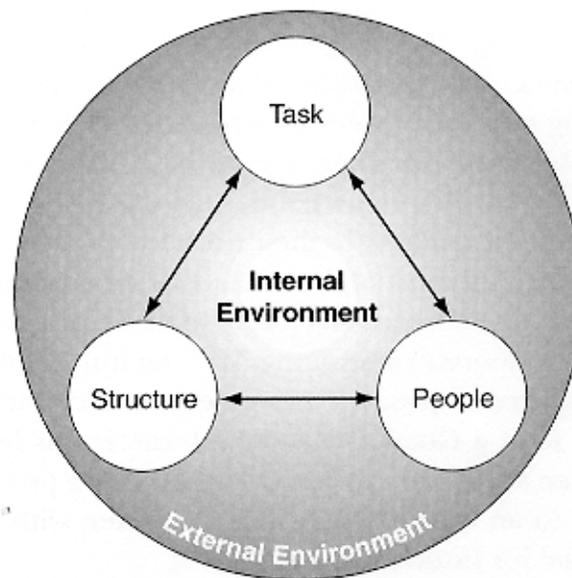
The simple distinction between business and organization adds clarity to many discussions. Unfortunately the terms are often used interchangeably, and this can muddle thinking and create confusion. Breakdowns are often associated with confusing these two basic elements of the system. For example, businesses frequently try to implement an *organizational solution*, (restructuring the organization chart, downsizing, or team building) when a new *business strategy* is required. However, if the product no longer fits market conditions, no organizational fix will help the enterprise to thrive. Likewise, if the business product or service is on track yet the organization is poorly designed to deliver it, no amount of market research or strategic positioning of the business will help the organization.

HR practitioners can help their clients distinguish whether a problem comes from conditions in the business (enterprise “function”) or in the organization (enterprise “form”). In almost all cases, the ultimate solution will need to incorporate both perspectives if it is to deliver an integrated enterprise solution (“form” follows “function”).

The enterprise system can be detailed further into five components that interact dynamically with one another. We abbreviate these system components using the acronym STEP (see Figure 2):

- *The Structure* — includes the structural elements of the organization, such as the formal organization chart, job descriptions, physical facilities, information systems, management policies, human resource policies, or incentive systems.

- *The Task* — includes the products and services that the business offers to the marketplace.
- *The Environment* — both internal and external. The External Environment includes elements such as the marketplace opportunities, competition, suppliers, culture, economy, regulations, resources, or potential venture partners. The Internal Environment includes the internal culture and organizational climate.
- *The People* — includes the skills and talents of the people, how they get along and communicate with one another, as well as the quality and effectiveness of their working relationships.



**Fig 2. The Dynamic Interaction Among the Elements of the Enterprise System**

It is important that the members of the enterprise understand the fundamental elements of the business and organizational system, and how they impact one another. When a new development occurs in the external environment or when there is an internal change, the expected impacts on the whole enterprise can be mapped, and potentially critical and urgent decision can be made with confidence.

The STEP Model actually works well as a stand-alone tool that HR practitioners can use to help clients clarify their full enterprise system and to highlight where strategic interventions most need to occur.

### **AN EXAMPLE: THE GOOD AND SOLID TOY COMPANY**

For two generations, the Good and Solid Toy Company has manufactured a traditional line of toy cars. Parents often bought the same types of cars for their children that they had played with as youngsters. Although competition always existed, the Good and Solid Toy Company had captured a consistent and predictable market share.

For a long time, the tasks of the company had consisted of straightforward manufacturing and distribution processes. These processes had been perfected over many years and changed only incrementally. Given the predictable environment and highly routinized tasks, the management structures were systematized, traditional, and authoritarian—designed for efficiency and quality control. The majority of the employees did not require much formal education or training. They appeared comfortable with the routine nature of the work and the traditional management hierarchy. There were many long-term employees who considered themselves part of a loyal and stable family, and morale was generally high. Employees saw themselves as turning out a good, high-quality product. On the other hand, they did not look to their work for meaning in life; their primary identities and most of their interests lay outside work.

Then the offshore-manufactured Super-Duper, Laser-Powered Turbo Turtle Transporter came along. With an innovative microchip, it was voice-activated to produce movement, sound, and light. It was less expensive than a Good and Solid toy car. It was featured on a popular children's television program and also bore promise of interconnectability to an arcade-type video computer, with virtually unending potential for futuristic game playing.

The *external environment* of the toy-car market had changed dramatically. Customers of all ages waited in line for the new product, while Good and Solid cars remained on the shelves. Good and Solid's *internal environment* responded immediately: morale plummeted. Employees wondered how the owners of the firm could have been so blind to technological developments. To remain unchanged was basically a choice to go out of business.

The dramatic shift in the market significantly impacted the other elements of the enterprise (*structure, task, and people*). Market changes led people to question the relevance of the company's primary task (i.e., did a market still exist for the traditional toy car?). The leaders of the company considered options: having products manufactured in Eastern Europe, capitalizing on existing distribution channels by selling children's products from other companies, and engaging in a joint venture with a local microchip manufacturer to try to beat Super Duper at its own game. Whichever was chosen, the mission of the enterprise would be significantly altered.

In order to accommodate any of these choices, the organizational structure would have to change dramatically. The company might need to establish a research and development department that would be characterized by open, collaborative, and more autonomous management systems. New and more complex tasks would require more training and staff development. If the company chose to become a sales and distribution organization, it would need to add new systems and processes while dismantling others. The people who worked for the Good and Solid Toy Company would also be affected. New skills would be required. Job

descriptions would continue to change as the company became more innovative and responsive to the changing market. New and more highly educated employees would be brought on board, altering long-standing relationships and potentially increasing conflict. Because of possibly increased demand for people to work collaboratively in teams, the organization would need to establish transition processes designed to help people address the interpersonal needs that would surely arise.

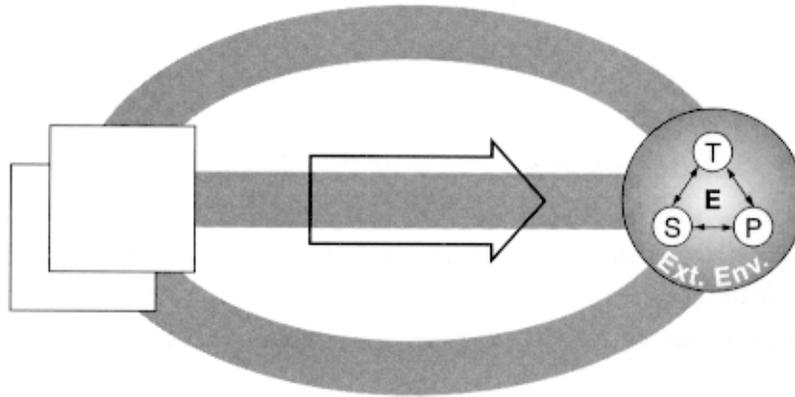
As this brief example shows, the Good and Solid Toy Company would have to change in order to survive. The STEP analysis is a simple but powerful tool that allows its users to sift through seemingly complex and confusing enterprise data. It provides a focused view of the most essential elements of the enterprise, clarifying ways in which it can rebalance the dynamic interplay between its system components. As a result, people throughout the enterprise are increasingly able to make informed, meaningful, and strategic choices about the future direction of their business and organization.

## ***2. Creating a Shared Future***

The enterprise moves through time; it does not stand still. The dynamic enterprise is a system driven by the opportunities of the future. In order to capitalize on those future opportunities, people need to be able to look forward and anticipate what the future business environment will most likely be, and what the future enterprise system will need to become. Figure 3 shows where this view of the future is represented on the Enterprise Development map.

*Comprehensive Enterprise Vision – STEP Future:* Many people think of “vision” as the “softer” side of the enterprise: its values and principles, the hopes of the people, and the work culture they want to create. However, a powerful and compelling vision must also include all STEP elements. The vision must project a clear picture of the future enterprise, including details such as:

- What kind of external business environment is predicted for the future?
- What will the competitive business advantage be?
- What type of organization will best support its business?
- What systems and structures will be required?
- What kinds of people will be needed, what must they know, and how will they work together?
- What type of internal environment, culture and values will be desirable and necessary for success in the envisioned future?



**Figure 3. Future STEP**

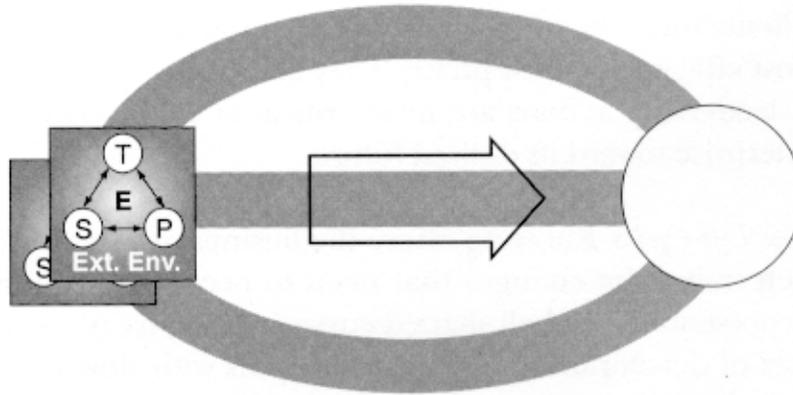
A comprehensive enterprise vision helps leaders and stakeholders have a clear picture of both the business and the organization they must build together.

Creating a clear and compelling shared future vision of their enterprise gives people confidence in their ability to successfully compete in the marketplace of the future. It appeals to their hearts and spirits, and imparts a higher purpose to the work they do. It creates a sense of direction and focus for their business, orients their actions, and gives them a sense of predictability about the changes ahead.

### ***3. Seeing the Past and Current Enterprise Honestly and Accurately***

Just as individuals need a clear and shared vision of where the enterprise should go, they also need to agree on where it has come from and where it is currently positioned. If some members think the enterprise is almost where it needs to be while others believe it is off course, it will be difficult to achieve agreement on a common development path or change effort. It is also important that the picture of the current state of the enterprise be honest and “unflinching,” so that development can begin from a realistic point.

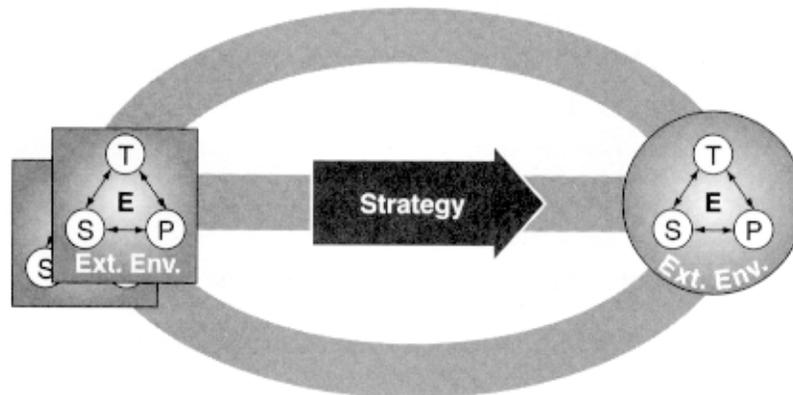
Figure 4 shows where the information about the past and current enterprise can be filled in on the ED Map.



**Figure 4. Past and Current STEP**

#### ***4. Understanding the Nature of the Change***

Once people have agreed on where they want to go, and where they are starting, they need to discuss how to get from “here” to “there.” This requires further negotiation and agreement. This work involves “filling in the arrow” in the Enterprise Development Map (see Figure 5).



**Figure 5. Strategic Development Path**

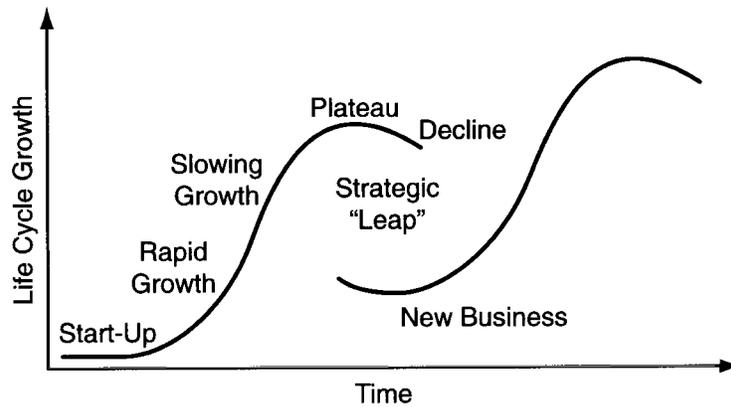
*Strategic Pushes and Pulls.* First, members of the enterprise identify the predominant strategic “pushes” from current and past conditions. What are the issues that demand resolution, that motivate action? Then, they explore opportunities and identify the strategic “pulls” toward the future. What are the compelling opportunities that excite, that mobilize passion and a willingness to make sometimes dramatic change? Identifying the most compelling issues in the vision are essential for success and can help people to channel their energy.

Once both “pushes” and “pulls” are clear, people can negotiate and agree on key change strategies and on the specific actions and commitments necessary to connect the current enterprise to its desired future.

*Business and Organizational Life Cycle Models* . In addition to understanding what needs to change to get from here to there, it is also important to understand the **magnitude of the change** and the particular **type of change** required.

Businesses and organizations progress through a series of natural phases of development. Understanding life cycle phases can help people predict the conditions they are likely to encounter in the development of their enterprise, and can help them proactively frame the next steps they need to take. As development experts, HR practitioners have considerable credibility using the life cycle analysis as a tool for helping their clients understand which developmental activities and behaviors would be most effective at each phase. They can also help leaders to understand which particular leadership actions are most critical at each phase, in order to guide their particular enterprise to its future.

*Business Life Cycles.* Knowing the placement of the business on the life cycle curve (see Figure 6) helps people determine the *type* of change that most needs to occur.

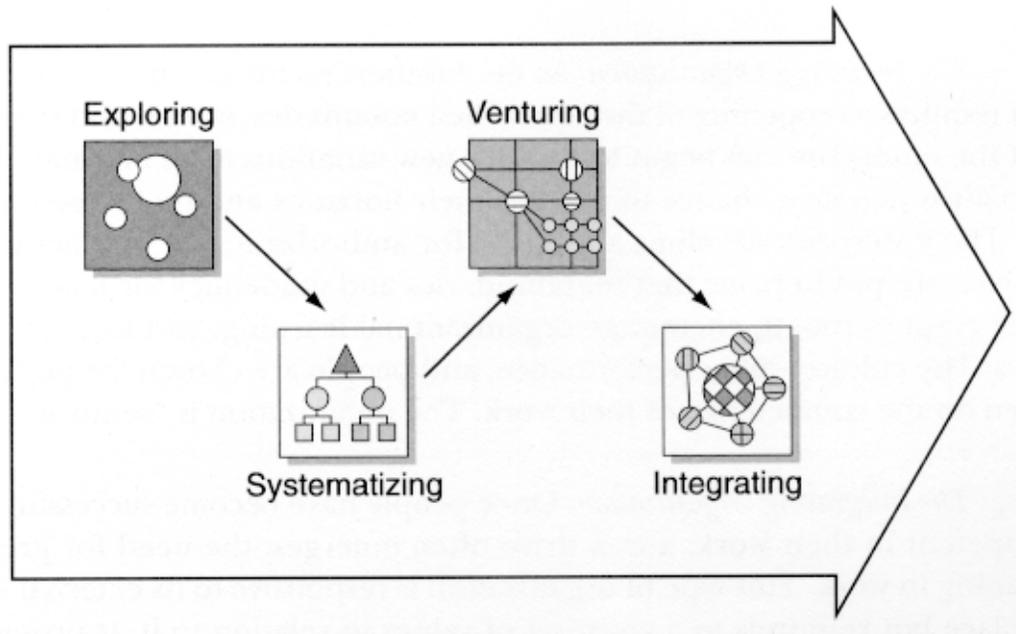


**Figure 6. Business Life Cycles**

The business life cycle is shown by a bell-shaped curve (see previous page) that represents phases of development. A business begins with slow (or even negative) growth in its start-up phase. If the business succeeds in its markets, it moves into a phase of accelerated growth, which then levels off as the business matures. Some businesses progress toward a choice point, where they either move into decline and potential demise, or make a strategic “leap” toward breakthrough and renewal — an entirely new way of doing business.

Enterprises that are facing a need for transformation often discover that they are dealing with overlapping life cycles. A company in the midst of transformation may need dual strategies, one for the existing business and another for the new ventures that are created to carry the enterprise into its future.

*Organizational Life Cycles.* For every stage of the business life cycle, there is a “form” in the organization that either supports the business at that time or works against it (See Figure 7).



**Figure 7. The Organizational Life-Cycle Model**

The Organizational Life Cycle Model helps members of the enterprise identify when certain STEP configurations are more likely to occur. Enterprise members can learn to predict whether a particular combination of External Environment, Task, Structure, People, and Internal Environment is likely to be effective at a particular stage in the life cycle.

It is the HR professional's role to identify the developmental requirements of its client organizations and to help their leaders and stakeholders to understand the challenges their organization faces in its development.

*The Exploring Organization.* In the early stages of the business life cycle, the organization is generally loosely structured, often with a charismatic leader or team of leaders who had the original idea for the business. The leaders are excited about the potential of their product or service, and they encourage similar excitement in others. People are chosen early on to join in the venture, not necessarily for their competence at doing tasks (that are not yet well circumscribed), but because they are enthusiastic or know someone in the group. Often enthusiasm and personal relationships drive these early organizations. Job descriptions are loosely defined — everyone may do a bit of everything as needed day to day. Systems are still quite flexible and are created or changed as needed. Given its original drive to succeed, its flexibility, and its lack of pre-established internal systems, this organization is generally still quite close and responsive to its external marketplace. We call this an “exploring” organization.

*The Systematizing Organization.* Once the enterprise has found its market, discovered its successful products and achieved steady business growth, the need for stabilization emerges. We call this stage “systematizing.” Formal

systems and structures emerge during this period in response to a much more defined and well-bounded business environment. People move into more clearly defined roles and relationships, and the culture supports clarity, quality, and predictability.

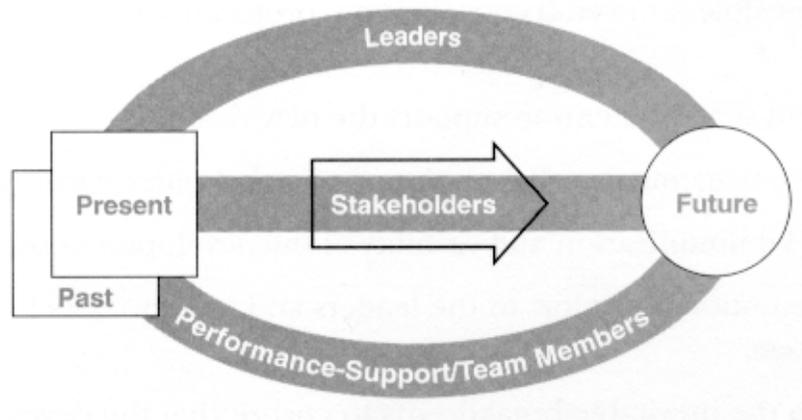
*The Venturing Organization.* As the business matures, a time may come that requires a re-opening of the established boundaries, norms, and rules, so that the enterprise can begin to explore new variations of its original ideas. This time gives people a chance to expand their horizons and widen their freedom to act. The enterprise develops a capacity for clear authorization of new activities. Systems are put in place that set parameters and guidelines for teams, promote empowerment, encourage organizational learning, and test new ventures. The culture values performance, and people are chosen for positions based on the competence of their work. We call this organization “venturing.”

*The Integrating Organization.* Once people have become successful and competent in their work, a new drive often emerges — the need for greater meaning in the work. This type of organization is responsive to its external marketplace, but responds around a given set of values in relation to its marketplace. It promotes venture in service of values, and is driven by vision and strategic intent. This kind of organization may combine levels of responsiveness, systemization, and venturing, and can combine these to deal effectively with high levels of complexity and discontinuity in its environment. This organization is called an “integrating” organization.

Understanding the life cycle phases of both the business and organization helps members of an enterprise predict the conditions they are most likely to encounter in a given change initiative or development effort. Anticipating what lies ahead can then help them proactively frame the next steps that may be required.

### ***5. Mobilizing and Aligning the Three Essential Drivers for Change***

Three groups of people in particular are essential to drive the enterprise toward its envisioned future: leaders, stakeholders, and performance support team members. These three groups of “drivers” (see Figure 8) must be linked in collaboration and must be in ongoing communication with each other if they are to guide strategy implementation together. *Planned development will not succeed without these drivers firmly in place.*



**Figure 8. The Three Drivers**

The *leadership* for an Enterprise Development effort must include the leaders of the enterprise, but leadership isn't limited to this group. Leaders may be formal as well as informal leaders and may include people from outside the enterprise.

To guide development effectively, the role of leadership shifts substantially. Senior leaders and key managers must be committed to the ongoing change and development of the enterprise, not just to the performance of current business tasks. Development of the enterprise must be considered part of the work, not as an extra task that occurs in the spaces between "the real work." Change and development *is* the real work. This shifts the role of leader from leading in service of current core and administrative activities to being responsible for the ongoing change and development of their enterprise.

Many people have a stake in the success of a development effort. In addition to employees, stakeholders may be clients, suppliers, legislators, community members, or strategic partners. Even though some stakeholder groups may be larger than others (such as employees), *all* stakeholders will influence the development effort.

*Stakeholders* must become the owners of the development process. If they do not take ownership, it doesn't happen. Stakeholders cannot be passive — there is a great deal for them to do in the development process. They act as the key designers and implementors of change. Stakeholders are the ones who live through the transitions, letting go of old practices, and learning new ways of doing things.

*Performance Support* is still a new and unfamiliar function for many enterprises. However, this function is essential for executing large-scale, complex change. The existence of ongoing support for a development effort often makes the difference between a company's success or failure in implementing its planned changes. (We are familiar with a case where the existence of a performance support function in one of two equivalent enterprises within a large transnational corporation generated several hundred million dollars of additional annual savings for the enterprise that had this function in place).

This function is increasingly taken up by newly transformed HR departments. In a large utility company HR formally changed its name to “Performance Support,” providing a number of needed consultative and support services, having automated or outsourced most of its more routine, transactional work.

*The Role of Performance Support.* Performance support usually is provided by a team of internal and external change agents (usually including HR professionals) who watch over the general aspects of the change process and keep it on track. Although leaders authorize the development process needed to get to the future, stakeholders must actually design and implement the changes needed to get there. Performance support personnel coordinate the details and support stakeholders by making sure that they have the training, skills, information, systems, tools, resources, and support to get the enterprise to its future.

Performance Support team members:

- Are responsible for overall coordination, project management and logistics support.
- Create and shape systems to support the new vision.
- Facilitate engagement, collaboration, and stakeholder participation.
- Promote communication and visibility of the development process.
- Provide trustworthy emotional support to the leaders and stakeholders in the transition process.
- Attend to the inevitable breakdowns and ensure that development effort stays on track.

*Tests as the Critical Catalyst for Strategy Implementation.* Each of these three groups of drivers — leaders, stakeholders, and performance support — will be tested during the course of change. Once the requirement for change is clarified, members of the enterprise almost instantly begin to test the resolve of all those involved. Testing always occurs. Human beings do not seem to be able to change, to move forward into unknown futures, without questioning and challenging each step along the way. They naturally double check what is demanded of them. People listen to what they are told, then “test” the words with their behavior. They watch for the response (not always consciously), and act on the implied message.

Each of the three groups of drivers—leaders, stakeholders, and performance support team members — will be tested during the change process in different ways.

*Leaders are tested for commitment* (whether they mean what they say). If they lapse into old behaviors, stakeholders are also unlikely to change. When leaders fail to respond in ways that demonstrate their own commitment to the development of

the enterprise, members inevitably see this as a signal to abandon the effort. On the other hand, if leaders respond successfully to tests, they reveal their personal commitment to the intended changes and help to generate the momentum that drives the dynamic enterprise.

*Stakeholders are tested for responsibility.* When stakeholders fail to "own" (take responsibility for) the development of the enterprise, the change efforts lose focus and become impractical.

*Performance support team members are tested for competence.* If performance support fails to provide the resources required for particular developments to occur, stakeholders may be incapable of delivering the necessary skills and behaviors, even if they are motivated and committed to change.

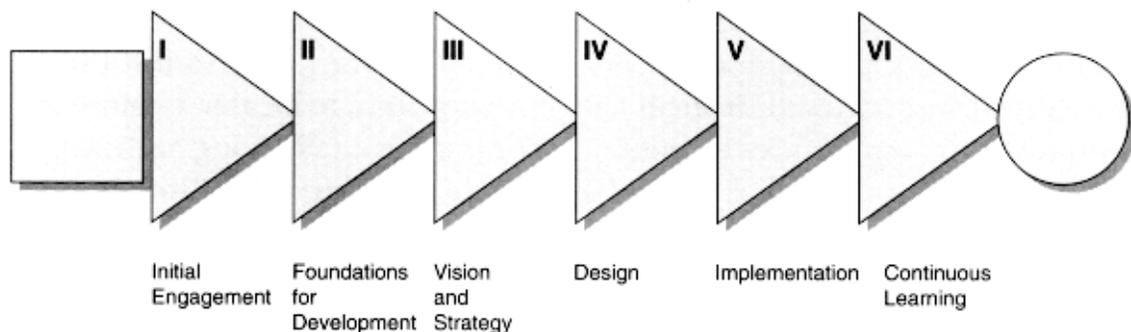
Understanding and anticipating tests can help to prepare each type of driver to respond successfully, in ways that further the positive development of the enterprise and stabilize the intended strategy.

## 6. Implementing the Change – Turning Strategy into Performance

The Enterprise Development work plan outlines the implementation of an ED intervention, a process for planning, monitoring and mapping dynamic and large-scale change. The purpose of the work plan is to turn understanding into focused planning and ultimately into performance.

The work plan formulates six phases, and outlines the actions in each phase that lead to sustainable performance. Although the phases are shown in the approximate sequence in which they take place, they can occur in parallel, or in an iterative process that moves between one phase and another (See Figure 9).

Each enterprise can produce its own customized work plan. At each step of the way, organization members are asked to supply content from their specific situations. Customized work plans typically include details for how each work group will implement the development process including: the key objectives, the scope of the process, who will be involved in each step, the time frame, budgets, how the specific plans link to other plans or actions that are part of the development process, and the ultimate performance to be delivered.



**Figure 9. Six Phases of the Enterprise Development work plan**

*Phase I: Initial Engagement.* During the initial engagement, the highest priority issues in the enterprise are identified and work begins on the first outline of the needed changes and future strategies. The initial phase is a once-over-lightly process, in which key leaders, stakeholders, and performance support team members create a broad ED blue print to visualize the possible change effort from beginning to end.

*Phase II: Foundations for Development.* With commitment to an ED change initiative, it is time to build the foundations for the development effort. Project initiators identify the primary work teams and alliances, agree on the general work plan and on processes for development, begin to build the collaborative networks that will be needed, and establish the communication vehicles that will be used throughout the process.

*Phase III: Vision and Strategy.* During this phase, the participants look to the future to create a compelling picture of the desired enterprise, using tools such as business scenarios, systems planning, and values and vision clarification. Assessments of the enterprise's external and internal environments help to unfreeze old assumptions and develop understanding of current realities. Critical gaps between the present situation and the desired future are identified. The result is an integrated set of strategies for creating the desired future.

*Phase IV: Design.* When the members of the enterprise know what they want to do, designated work teams begin to design specific activities and tasks for implementing the strategy. Work is assigned, standards and commitments for performance are negotiated, and issues that arise over the course of the transition are addressed. The design work typically occurs in three subphases:

- *Process Assessment:* An initial review of key business and organizational processes and systems is conducted. High-level performance indicators and measures are established. Necessary bridging actions are identified.
- *Conceptual Design:* Selected processes are assessed; comparisons are made with available benchmarks; and new processes are designed. Policy, infrastructures, and other systems requirements are identified, and cost-benefit analyses are conducted. Transition and implementation planning begins.
- *Detailed Design:* Necessary policies and procedures are defined. Organizational designs are developed, reviewed, and authorized (including new job descriptions; roles and responsibilities; policies; systems and technology requirements; as well as the communication, collaboration, and work culture needed). Prototypes are drafted and tested.

*Phase V: Implementation.* Although there should have been significant engagement from many parts of the enterprise in the earlier phases, during this phase everyone who will be impacted by the changes must participate. Transition events are conducted, followed by the rollout of restructured business

processes, new procedures and control mechanisms, and new organizational arrangements. Service-level agreements are established as part of performance contracts and measurements linked to the new organization.

*Phase VI: Continuous Learning.* The performance support team helps leaders and stakeholders build systems and processes for ongoing evaluation and adjustment of the development process. They work to ensure that the new systems and procedures function successfully and produce the desired outcomes. At this time, many groups establish lasting systems to support continuous learning.

## A STRATEGIC THINKING DISCIPLINE FOR HUMAN RESOURCES PRACTITIONERS

In order for HR to become the corporate service capable of assisting the critical and continuous strategy formulation of their clients, it needs to acquire a set of strategic thinking tools and techniques for effectively managing change. Enterprise Development offers a comprehensive framework that integrates six tools and practices for strategy development and change implementation, which HR practitioners can use to enable their clients to respond to an increasingly dynamic environment with effective change efforts.

Because Enterprise Development offers a framework for clarifying some of the toughest challenges that emerge in the midst of complex change, it tends to engender trust, buy-in, accountability, and action from stakeholders throughout the enterprise. It provides straightforward language and concepts that allow all members of the enterprise to think together, to negotiate with each other, and to contract clearly for the actions they will take. It allows all stakeholders to participate in revisioning and redesigning their enterprise to achieve sustainable performance into the future. In the hands of HR practitioners, it can engender much needed focus and commitment in today's turbulent business environments.

\* \* \* \* \*

**Lisa Friedman, Ph.D. and Herman Gyr, Ph.D.** are the authors of the newly-released book *The Dynamic Enterprise: Tools for Turning Chaos into Strategy and Strategy into Action* (Jossey-Bass Business and Management Series, 1998). They are also co-founders of the Enterprise Development Group, an international consulting firm based in Palo Alto, California, which specializes in strategy development and implementation for groups facing complex change.

In their consulting work, Drs. Friedman and Gyr use the concepts and tools described in *The Dynamic Enterprise* to enable people in businesses and institutions to look courageously and strategically into the future, and to build the responses to what they see into their enterprises as quickly as possible. They have worked with companies and institutions across a range of industries, including high tech, financial services, healthcare, insurance, manufacturing, oil and gas, retail stores, fisheries, the military, and universities. Within these

groups, they have worked with clients throughout the organization — with individual CEO's or executives, with management teams, and with project and change teams facing a range of business and organizational challenges. This work has included the "harder" business strategy, planning, and change management issues, in conjunction with the frequently needed "softer" side of change — the culture change, team building, conflict resolution, facilitation, and individual coaching often required to bring the strategy into reality.

In addition to their current consulting work, both Dr. Friedman and Dr. Gyr are frequent keynote speakers and workshop leaders in the areas of strategic thinking and change management, the new role of HR, and HR's role in creating the dynamic enterprise.

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