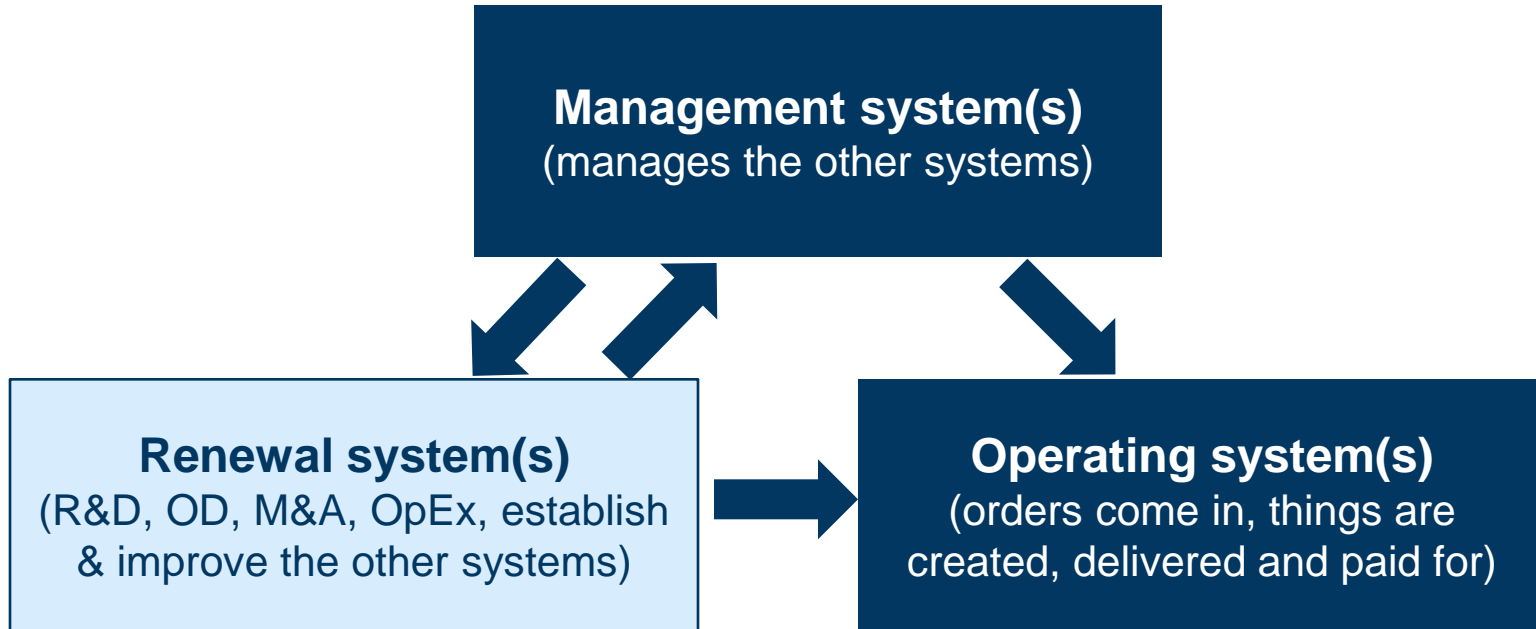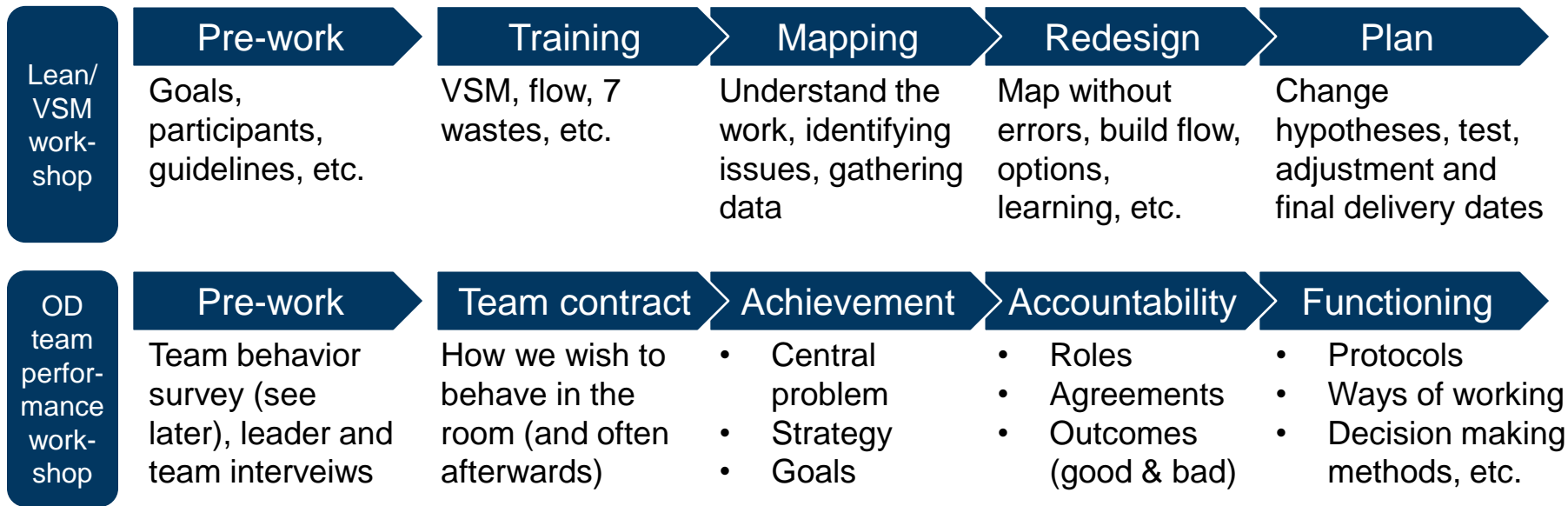# Organizational Development

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Lean and OD exist to improve systems in an organization

Management system(s)
(manages the other systems)

Renewal system(s)
(R&D, OD, M&A, OpEx, establish & improve the other systems)

Operating system(s)
(orders come in, things are created, delivered and paid for)

Lean workshop vs. OD workshop

Lean/ VSM work-shop	Pre-work	Training	Mapping	Redesign	Plan
	Goals, participants, guidelines, etc.	VSM, flow, 7 wastes, etc.	Understand the work, identifying issues, gathering data	Map without errors, build flow, options, learning, etc.	Change hypotheses, test, adjustment and final delivery dates

OD team perfor-mance work-shop	Pre-work	Team contract	Achievement	Accountability	Functioning
	Team behavior survey (see later), leader and team interveiws	How we wish to behave in the room (and often afterwards)	• Central problem • Strategy • Goals	• Roles • Agreements • Outcomes (good & bad)	• Protocols • Ways of working • Decision making methods, etc.

Oddly enough, the goals of these two efforts is the same: Improve the performance of the organization. So what gives?

History of OD

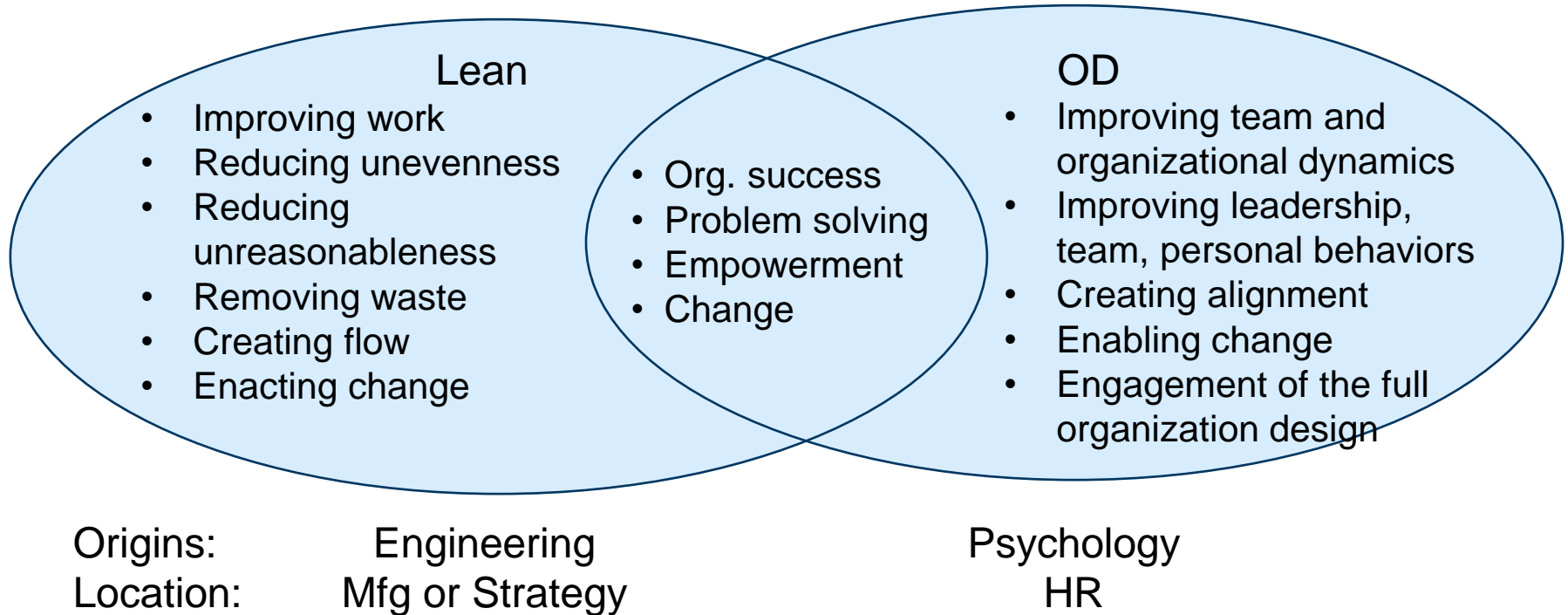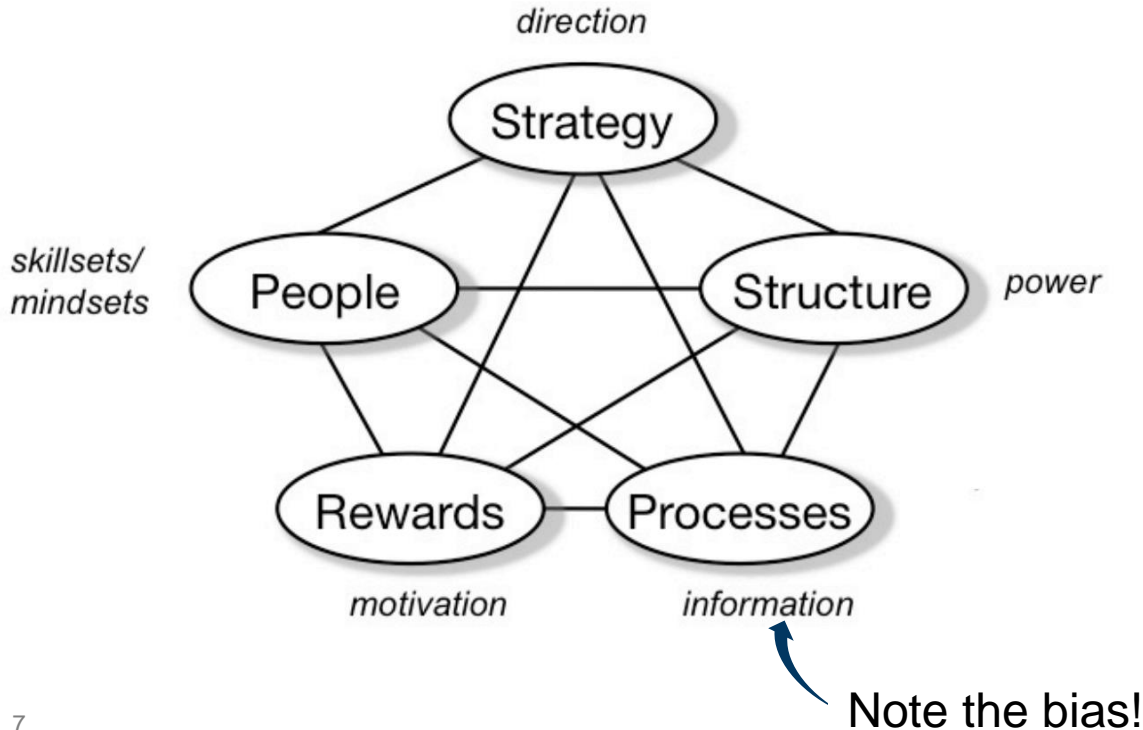| Inception ('30s & '40s)	Elaboration ('50s)	Maturation ('60s +)
People note effects of structure & process on behavior and motivation	Began large-scale experiments	Built core concepts of change management, systems theory, and made OD a management practice and field of study
Developed idea of, and methods to assess group dynamics	• External (take people out of companies and engage)	
	• Internal (begin engaging individuals and groups in companies)	

Objectives of OD*

1. **To increase the level of inter-personal trust among employees**

2. **To increase employees' level of satisfaction and commitment**

3. To confront problems instead of neglecting them

4. **To effectively manage conflict**

5. **To increase cooperation and collaboration among employees**

6. To increase organizational problem-solving

7. To put in place processes that will help improve the ongoing operation of an organization on a continuous basis

*Shamelessly copied from Wikipedia

Stacking it up vs. Lean

Lean
- Improving work
- Reducing unevenness
- Reducing unreasonableness
- Removing waste
- Creating flow
- Enacting change

- Org. success
- Problem solving
- Empowerment
- Change

OD
- Improving team and organizational dynamics
- Improving leadership, team, personal behaviors
- Creating alignment
- Enabling change
- Engagement of the full organization design

Origins: Engineering   Psychology
Location: Mfg or Strategy   HR

Galbraith model for organizational design

direction

Strategy

skillsets/
mindsets

People   Structure   power

Rewards   Processes

motivation   information

Note the bias!

The Galbraith model breaks down the organization into 5 pieces.

Others modify this a lot, the most popular way is to put strategy above the star, and substitute "capabilities" in its place

Driving in a little farther – who decides? Lean & OD answers differ

So, you are going to improve a value stream.

How do you determine...

- The goals of your process redesign?
- What is the strategy for achieving the goals?
- How the new process should be staffed, governed, led and structured?
- What rewards will be most effective, and how will they be implemented?
- What behaviors will be encouraged, accepted and discouraged?
- How you will interact under certain circumstances?
- How you will implement the change?

How does Lean and OD practice differ?

	Lean practitioner	OD practitioner
Strategy	Ask the manager(s)	Define with the team
Goals	Ask the manager(s)	Define with the team
Process	Map with the team	What??? (most OD don't know how)
Improvements	Define with the team *as experiments*	Define with the team
Change plan	Define with the team	Define with the mangers *as experiments*
Behaviors	What???	Call out as it happens, ask how we might do better
Rewards	What???	Define with the team *as an experiment*
Focus	Tangibles (v.a. work, process)	Intangibles (leadership, structures, etc.)

Importance of intangibles

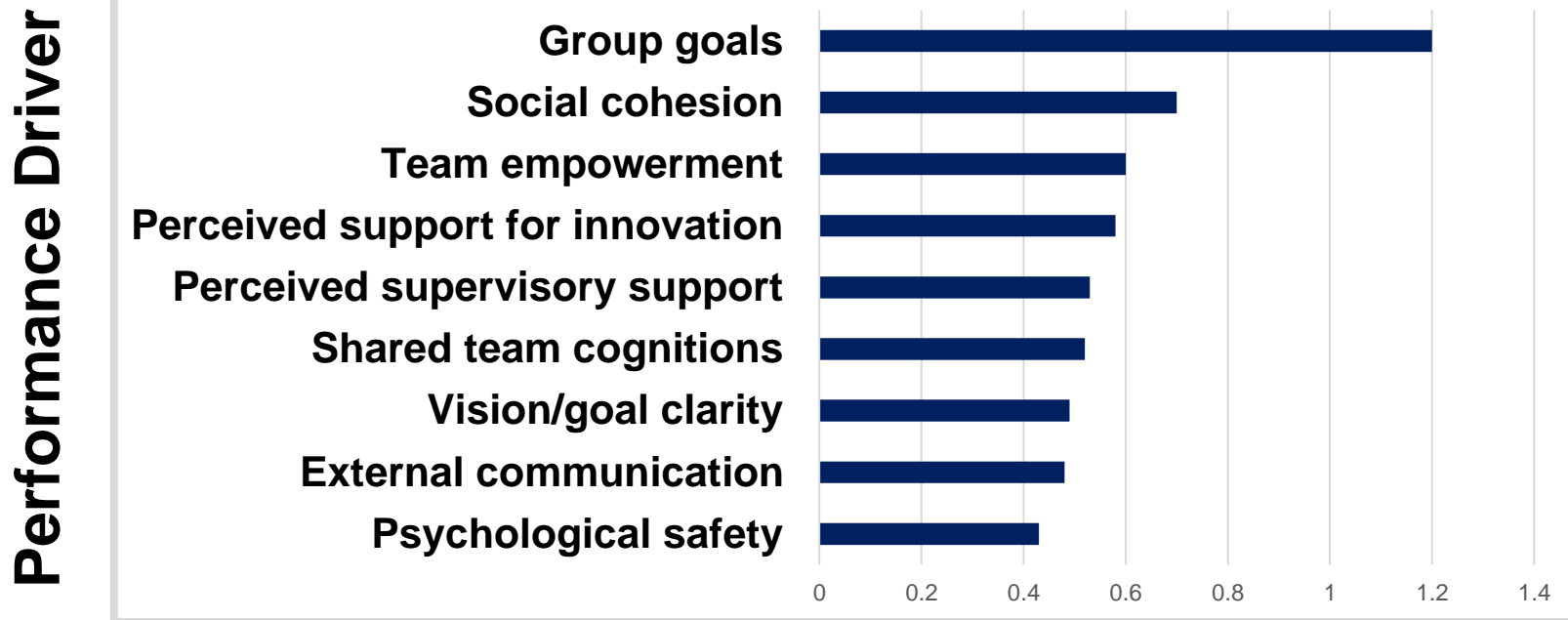How does it feel to be on a great team?

- Are you happier?
- Are you more effective?
- Are you better equipped to adapt and thrive?

You knew the answer in grade school

Drivers of Team success

Demonstrated Effect

Performance Driver

Performance Driver	Value
Group goals	1.2
Social cohesion	0.7
Team empowerment	0.6
Perceived support for innovation	0.58
Perceived supervisory support	0.53
Shared team cognitions	0.52
Vision/goal clarity	0.49
External communication	0.48
Psychological safety	0.43

Elaboration on shared team cognitions

Information elaboration

Information sharing
Knowledge sharing
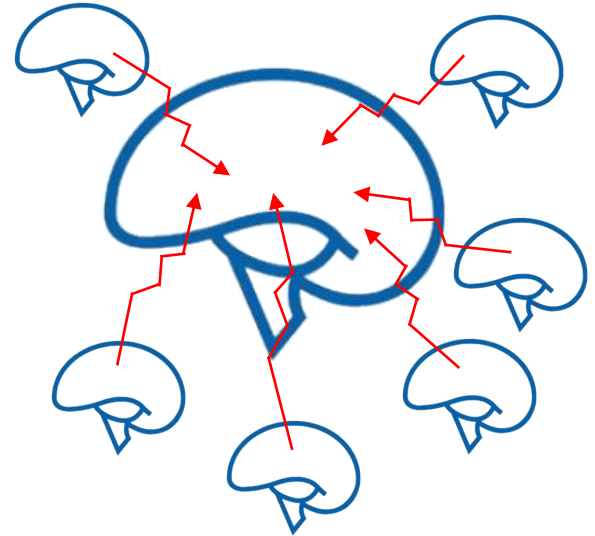
Team transactive memory

Intangibles are often poorly understood

Positive Feedback

Improves performance in most cases
- Especially effective for creative/ill-defined tasks
- Exception: repetitive tasks

Improves perceptions of fairness
- Increases sense of fairness
- Sense of fairness increases uptake of feedback

Is long lasting
- Performance improvements last more than 4 months

Negative Feedback

Reduces performance in most cases
- Only improves performance of repetitive tasks

Decreases perceptions of fairness
- Sense of unfairness lasts for 6 months
- Unfairness decreases uptake of feedback

Center for Evidence Based Management

But intangibles can be a sure way to organizational failure

Teresa Amabile & Steven Kramer

Adding OD into Lean work

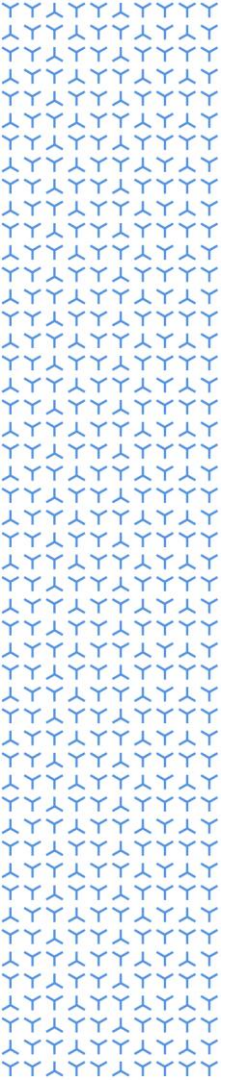| When designing change	When facilitating teams
• Consider how any change can make the workplace more joyful • Bring people in at all levels, or be very explicit about change at all levels • Consider every aspect of the organizational design in each change • Disaggregate jobs and create roles to utilize innate talent and drive	• Self as instrument • Start with agreed ground rules • Observe behaviors carefully, and ask "what just happened" – don't forget *good* behaviors • *Nobody* gets a free pass on behaviors, not even you, and not the team, they have jobs too • Ideally, have the *team* define goals • Let the answer unfold naturally

Take Aways

OD and Lean operate in the same space, but grew up from different backgrounds

OD and Lean compliment each other, with principles useful in the other's work

OD addresses the whole, but has no theory around value added work

Lean is great at value added, but has little theory for other elements of org design

That which cannot be measured is *more important* than what can be measured

Thank you