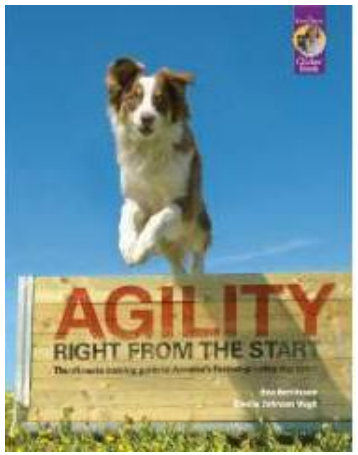
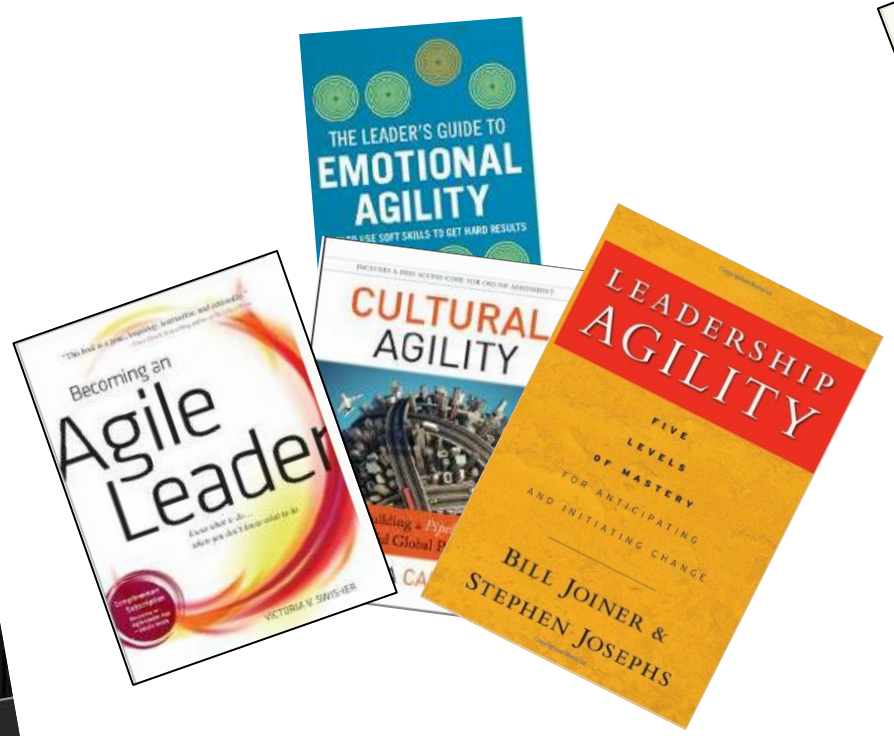
PEPPERDINE
Graziadio Business School

OD + OD = OA

Chris Worley
Research Professor Emeritus of Management

Organization agility is widely misunderstood…

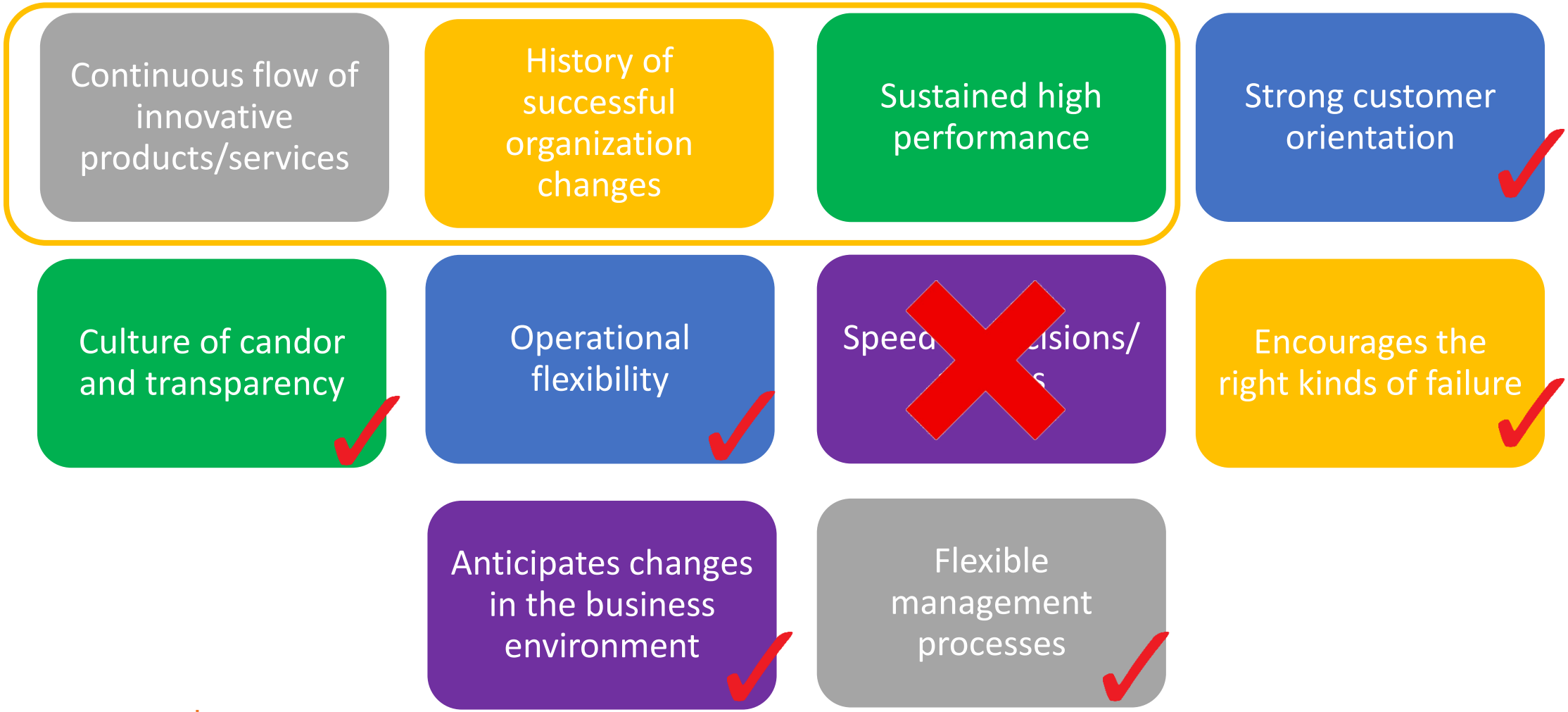




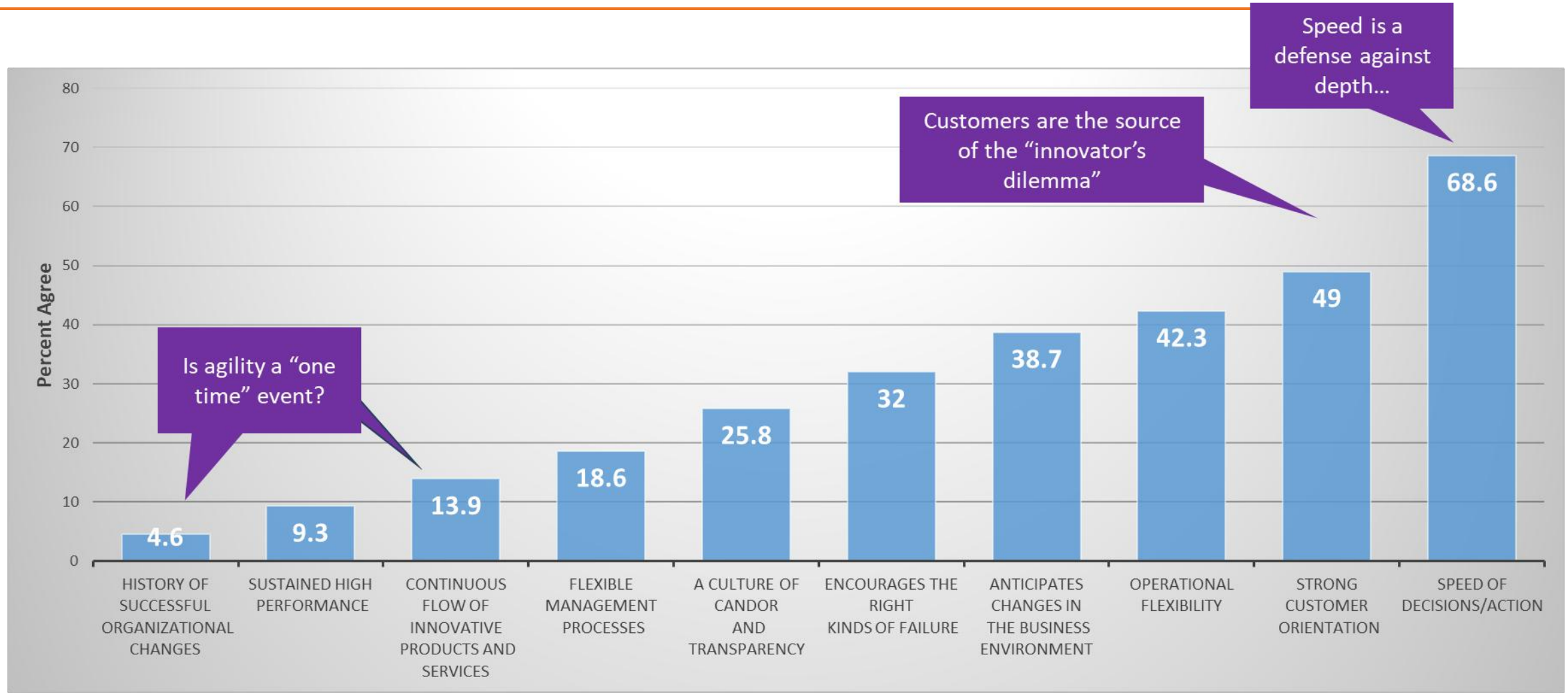
PEPPERDINE | GRAZIADIO BUSINESS SCHOOL

Which of the following characteristics are most associated with organization agility?

Pick your Top 3:



Agility is widely misunderstood…



PEPPERDINE | GRAZIADIO BUSINESS SCHOOL

OD & OD are different but complimentary

Org Design focuses on…

- Alignment among strategy and design features
- The content of change (e.g., features) but also addresses the process (although it can get stuck b/c of alignment)
- Effectiveness – mostly in business terms

Org Development focuses on…

- The process of change (little concern with content)
- Learning within the system and transfer of knowledge to the system
- Action research (its variants and the values underpinning it)
- Effectiveness – mostly in social terms

Organization Agility integrates OD and OD

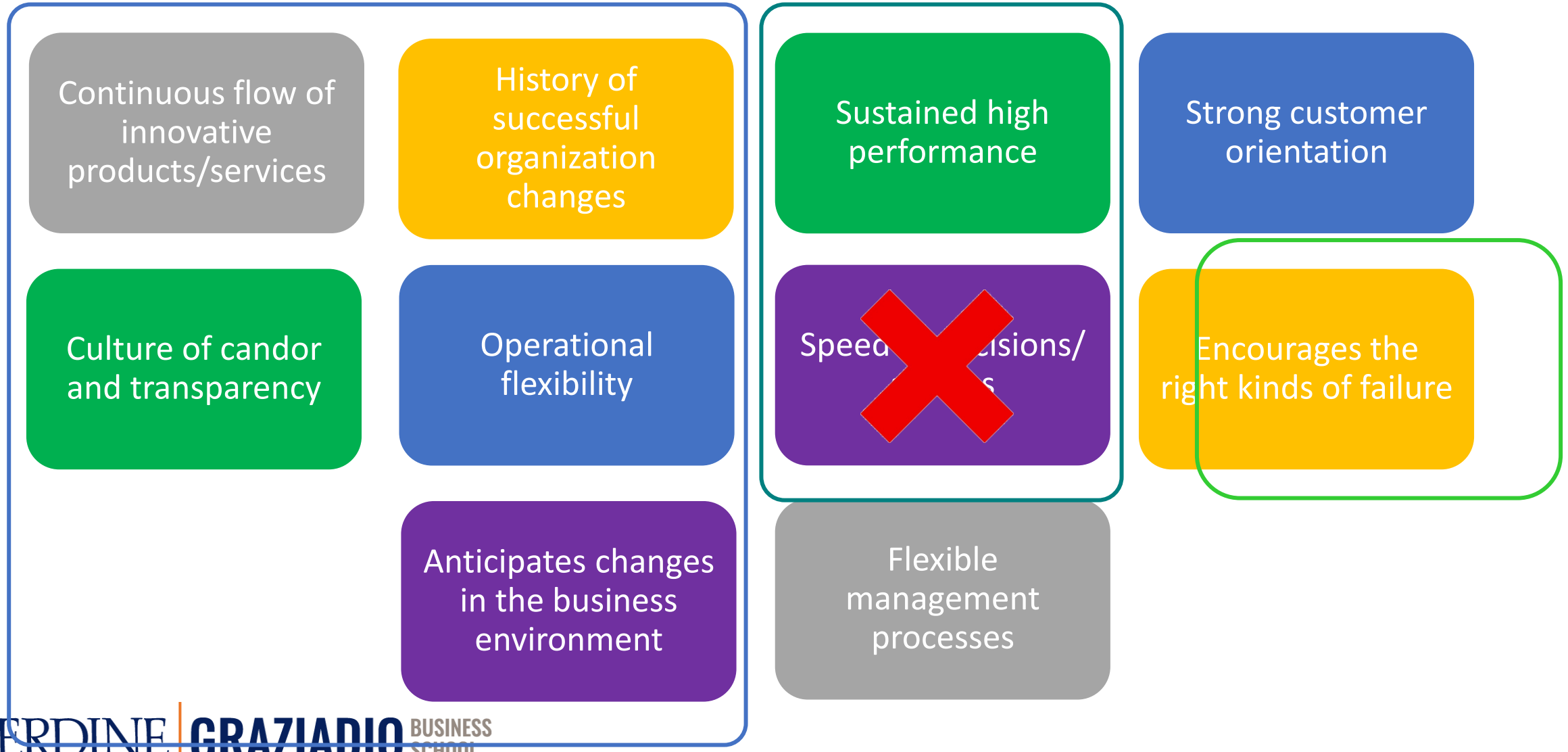
- Focuses on the content and process of change
- Focuses on a performance and effectiveness
- Focuses on momentary competitive advantage
- Focuses on learning
- Sees change and design as the same thing
- Draws on multiple theories and frameworks

Difference between OD, OD,CM & OA

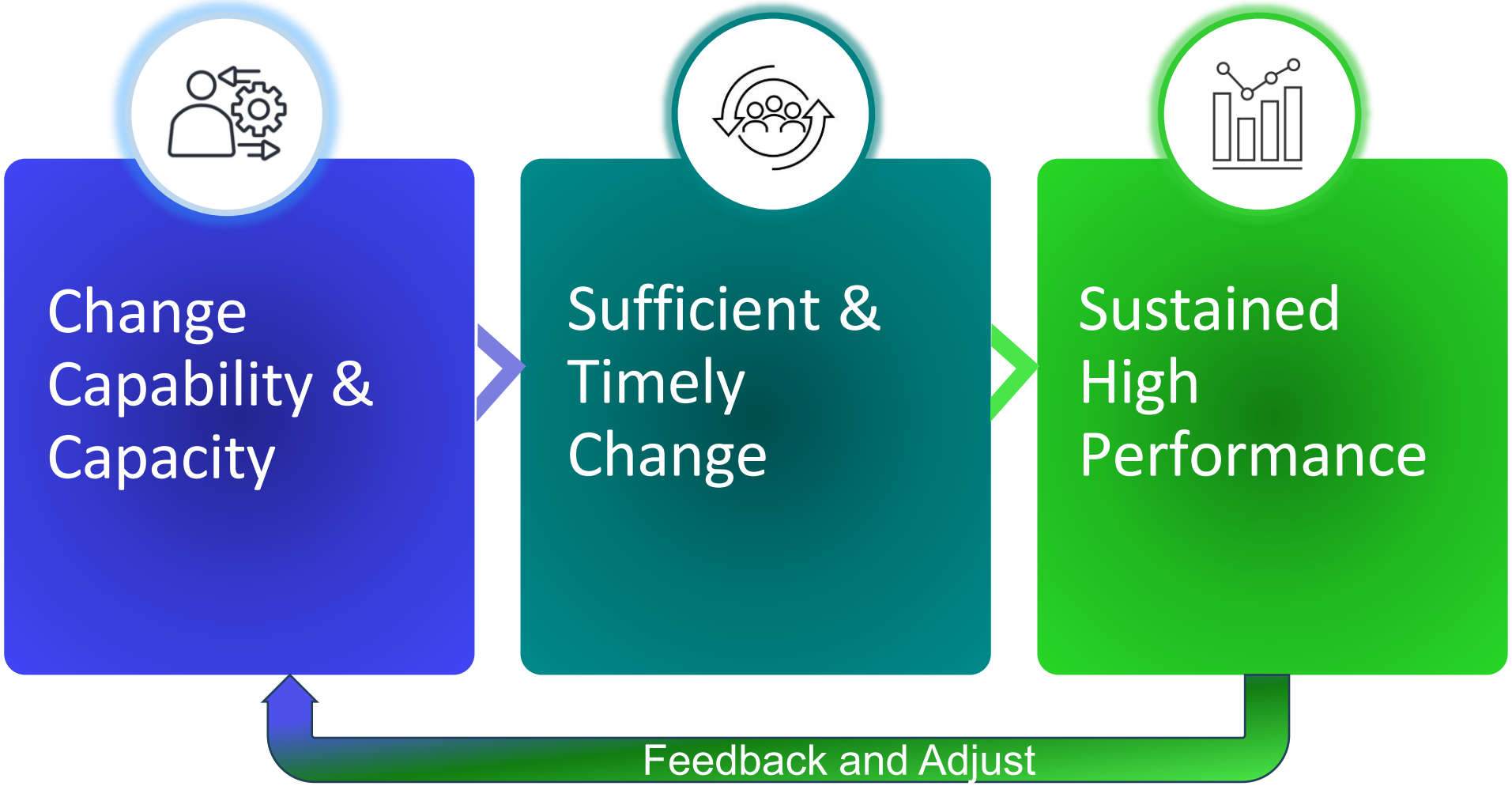
- *Organization development* uses an “action research” approach to help organizations change and become better at changing
- *Organization design* is a process of purposefully configuring strategy, structure, systems, and processes to achieve valued outcomes
- *Change management* implements specific projects and initiatives, directed by management, in efficient ways
- *Organization agility* uses developed capacity and learned capability to repeatedly orchestrate sufficient and timely change to sustain high performance as internal and external circumstances warrant

If you wanted to be comprehensive, you could also throw in flexibility, org learning, adaptability, resilience, etc.

There is an underlying relationship among these features



A Practical Agility Framework



(An Updated) Definition of Agility

The developed capacity and learned capability to repeatedly orchestrate sufficient and timely change that sustains high performance as internal and external circumstances warrant.

Change Capacity and Capability

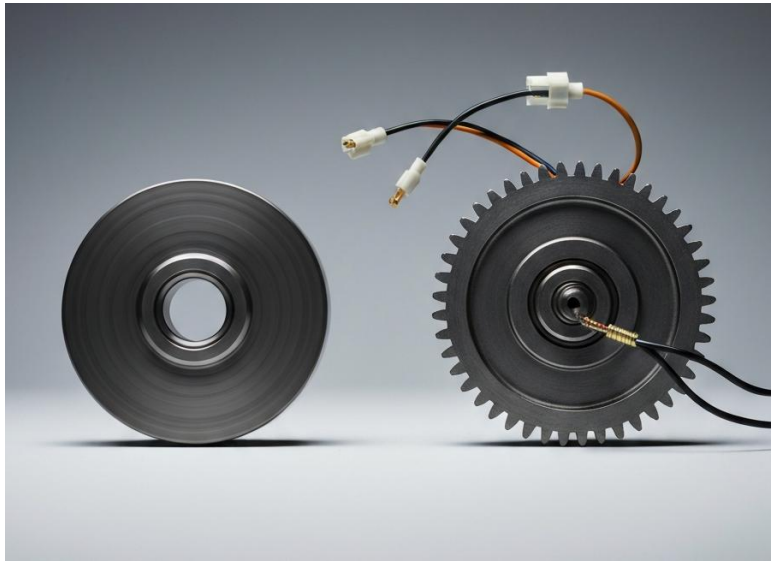
Change Capacity

The potential, options, slack/flexible resources, and accumulated knowledge constituting multiple pathways for change

Change Capability

The ability and competence to perform multiple, specific, complex, cross-functional, and orchestrated changes in strategy, organization design, and capabilities

Key Distinction

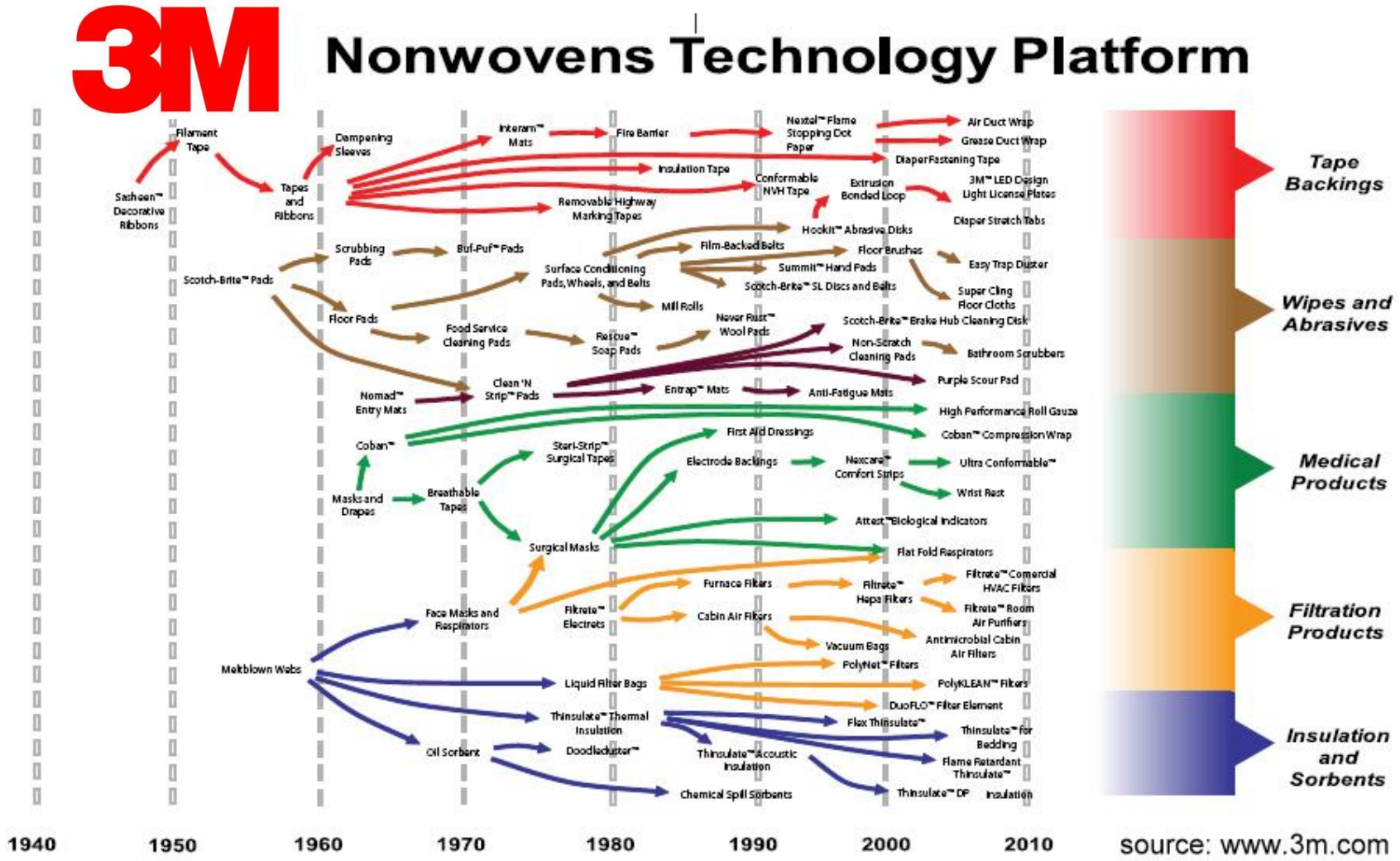


High levels of capability cannot compensate for deficiencies in capacity, and vice versa

- "We need buy-in first"
- "We need to assess 'readiness'"

PEPPERDINE | GRAZIADIO BUSINESS SCHOOL

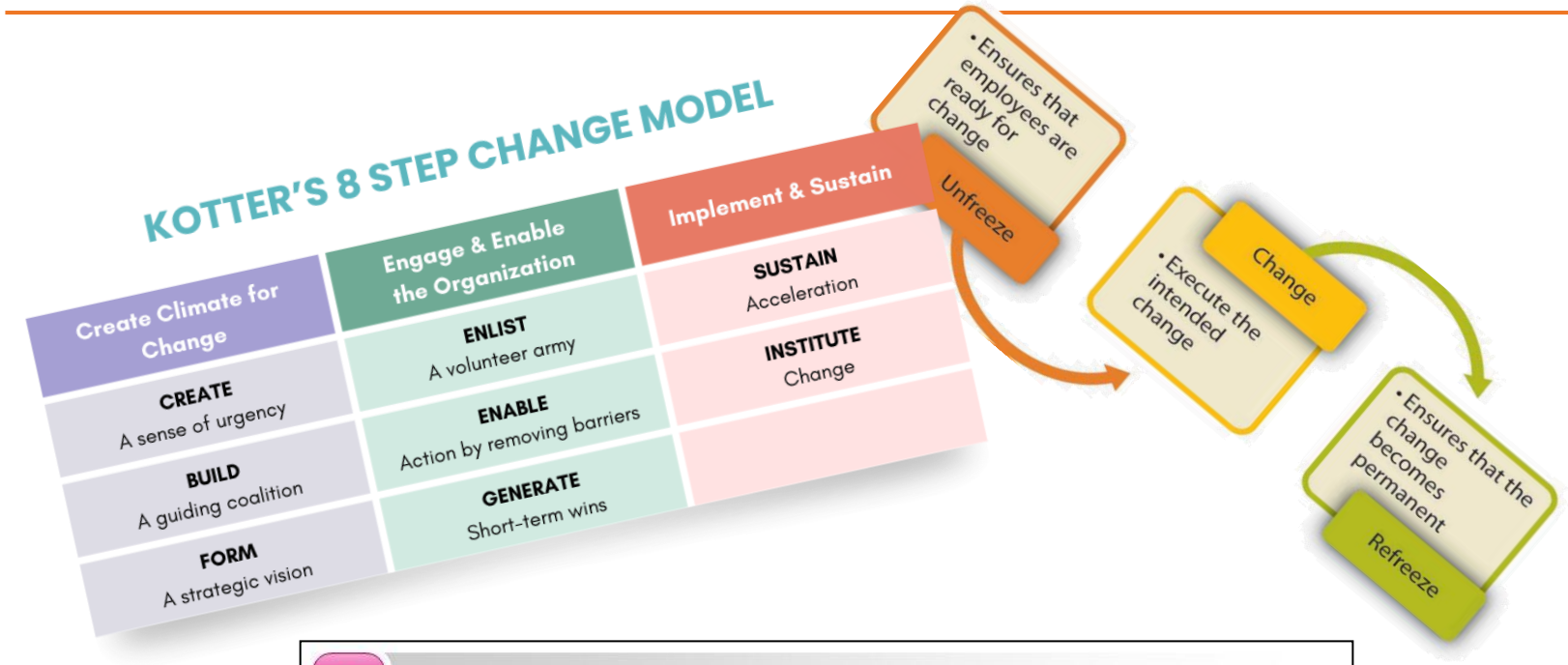
Agility is not about speed; it's preparation and capacity at scale



The main constraint on delivering value to our customers is not how fast we can make work efficient, but how completely the organizational constraints on innovation can be removed

PEPPERDINE | GRAZIADIO BUSINESS SCHOOL

Change Capability is more than Change Management

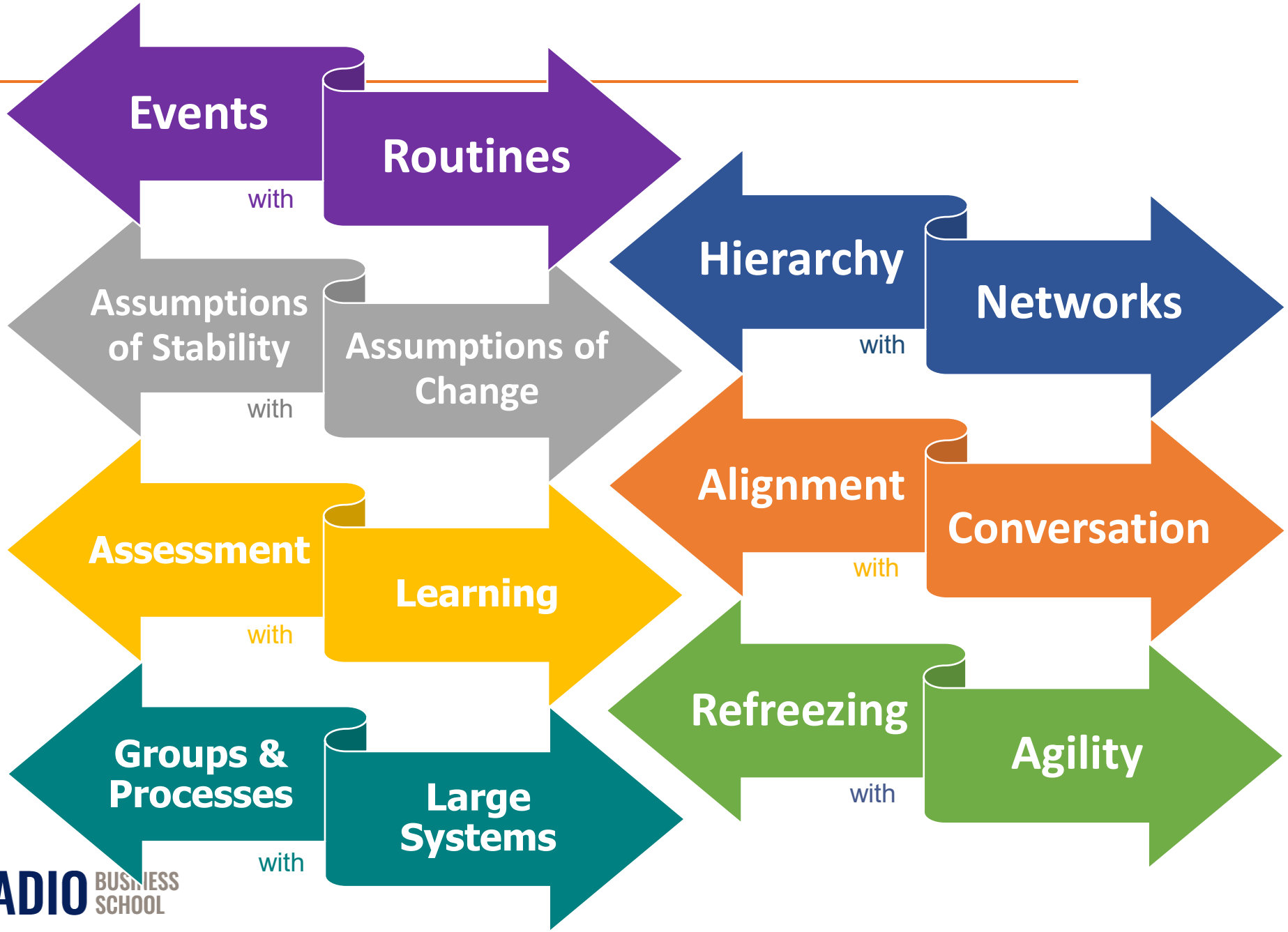


A	Awareness of the need for change
D	Desire to participate & support the change
K	Knowledge on how to change
A	Ability to implement required skills & behaviour
R	Reinforcement to sustain the change

Change management models are ill-suited or fatally flawed for today's challenges. They…

- assume the changes they are implementing are the "right" ones (no diagnosis)
- separate the change process from the design process
- handle only one change at a time, a project that will "be over"
- assume all the resources necessary are available (assume capacity)
- view people as dull, thoughtless "sources of resistance"

Any new model will need to replace…

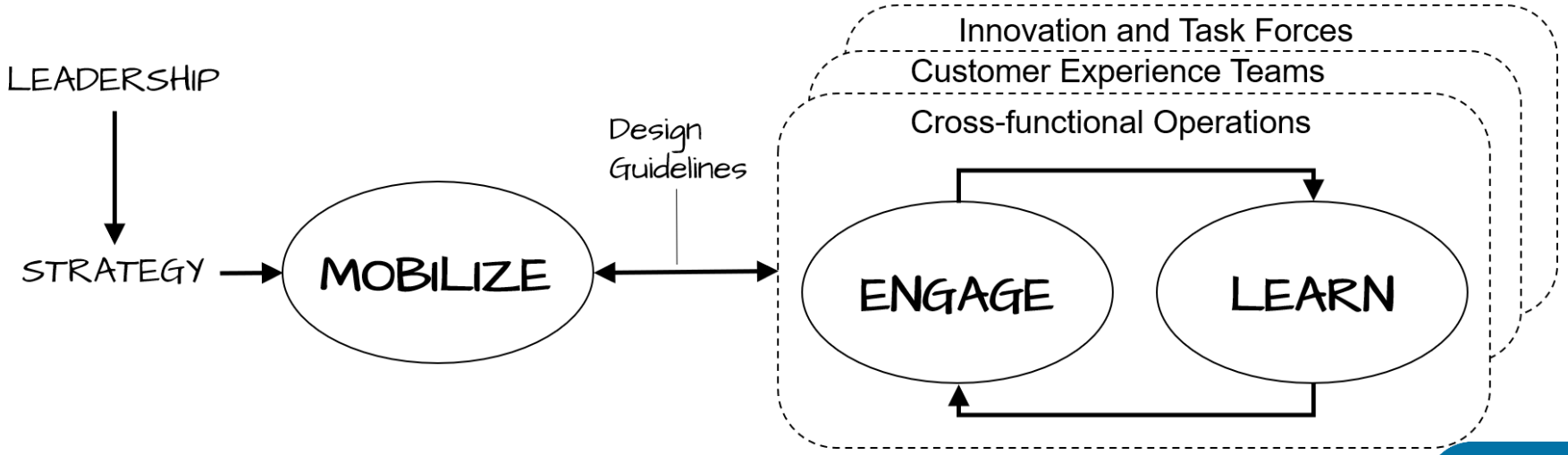


The Platform Serves Multiple Applications

Applications

- Business Model Design
- Organization Re-Design
- Product Design
- Operating Model
- Customer Experience Design
- Work And Learning
- Agile Transformation
- Transformational Design

Operating Platform



Allstate

Fairview HEALTH SERVICES

Microsoft

ENEDIS L'ELECTRICITE EN RESEAU

PPG

PEPPERDINE | GRAZIADIO BUSINESS SCHOOL

Source: Winby and Worley, 2014

Fairview Health Systems

- Not-for-profit organization established in 1906
- Partner with the University of Minnesota since 1997
- 20,464 employees
- 3,052 credentialed physicians
- 8 hospitals/medical centers
- FMG - 40 primary care clinics
- 55-plus specialty clinics
- Full care continuum (minus payor)
- Transformational journey since 2007

Fairview Medical Group

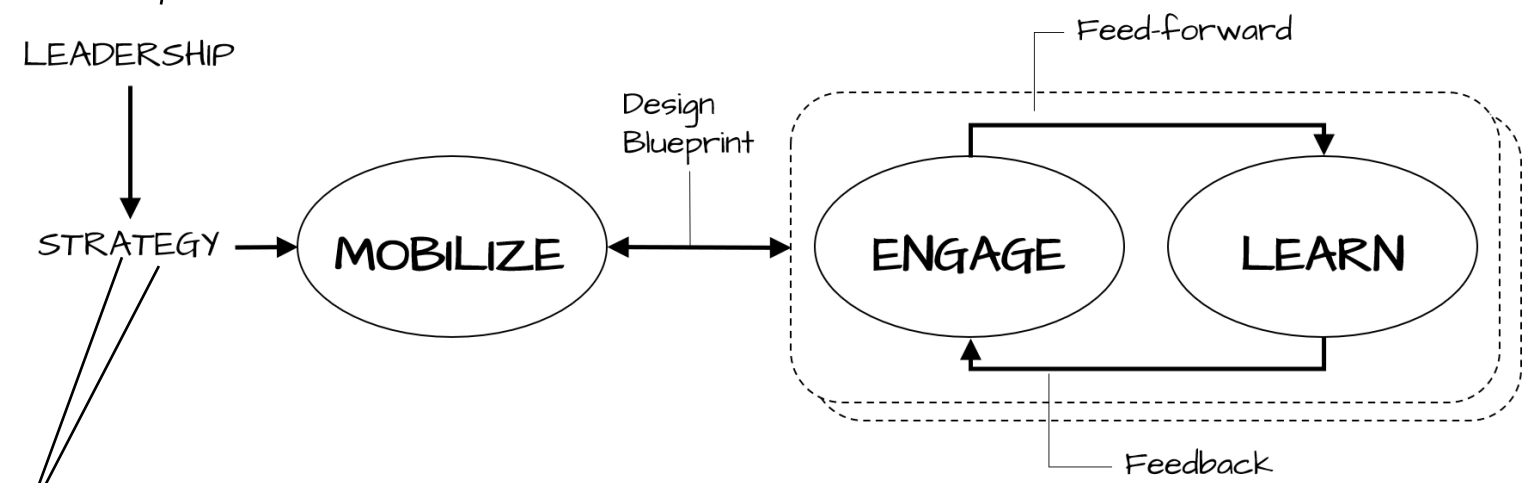
- Multi-specialty group practice
- 500+ clinicians
- ~ 300,000 attributed lives
- Physician led
- Chartered in 2008 to deliver different value prop in health care
- Performs in highly competitive and innovate health care market

Fairview Health Systems

Health care reform calls for innovation in medical care delivery and reimbursement.

Minnesota Dept. of Health announces standards and deadlines to accelerate certification of primary care clinics

form care

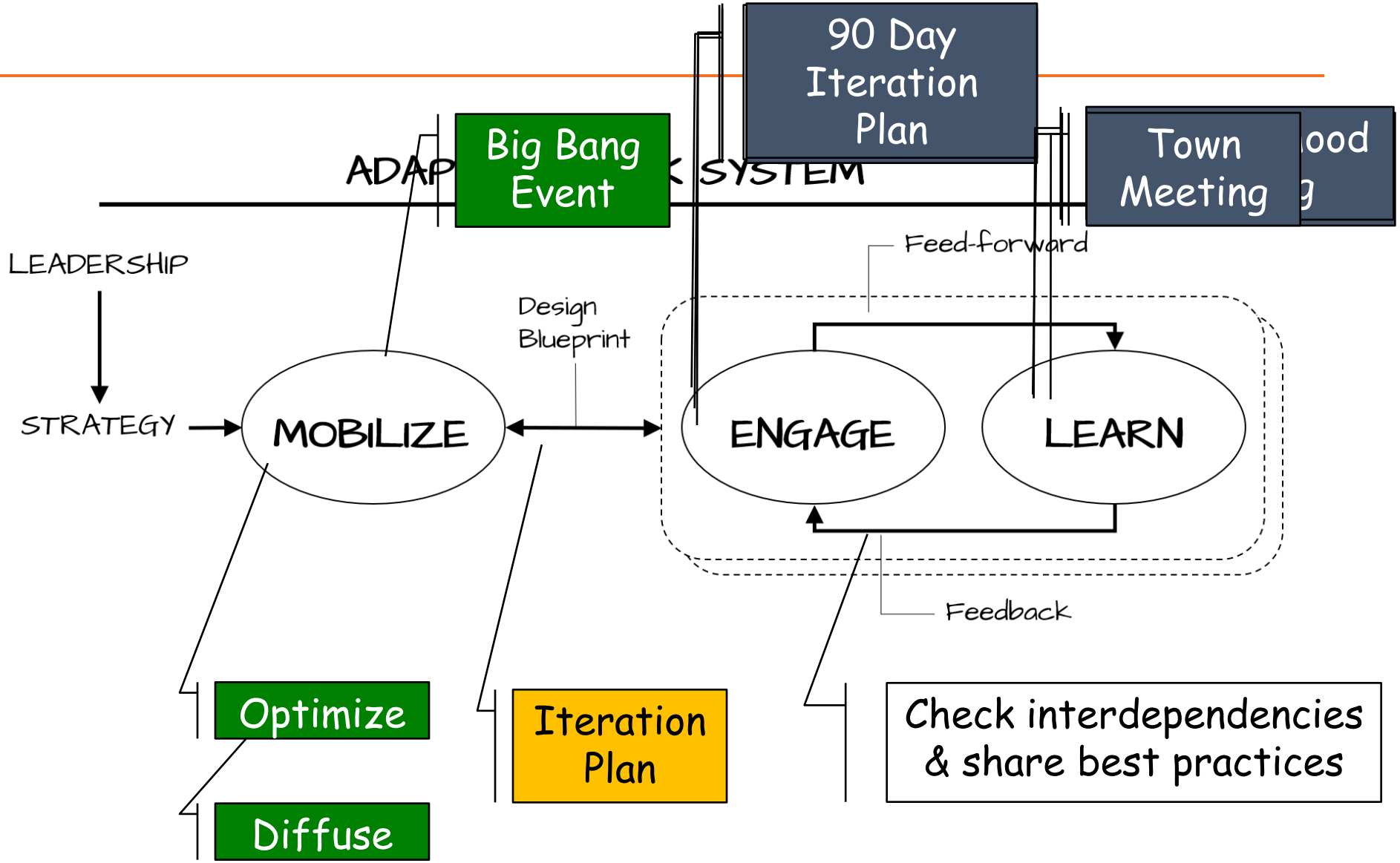


Fairview Medical Group (FMG) decides to go from 4 to 40 clinics in 10 months

ed

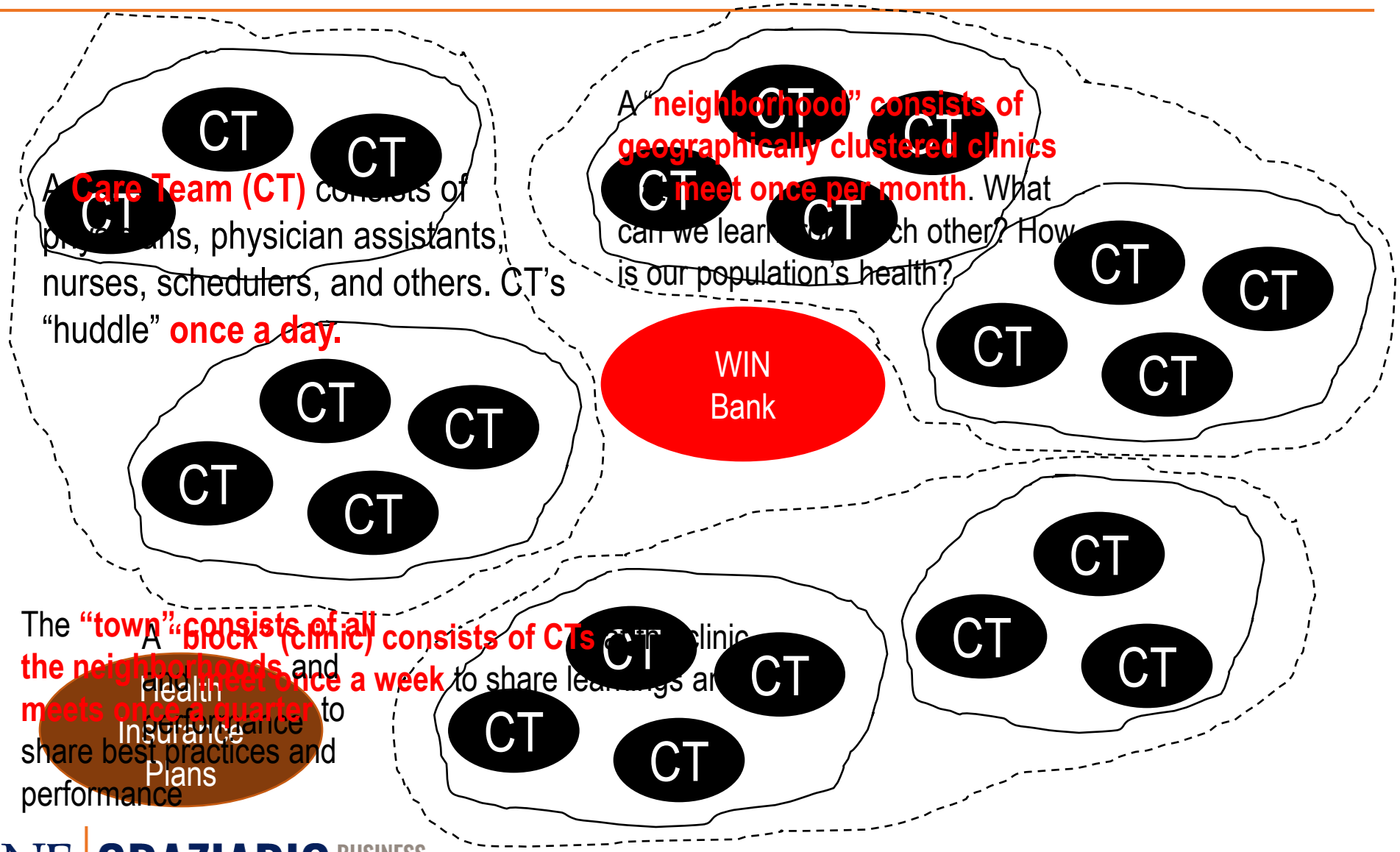
innovation.

Source: Winby and Worley, 2014



Source: Winby and Worley, 2014

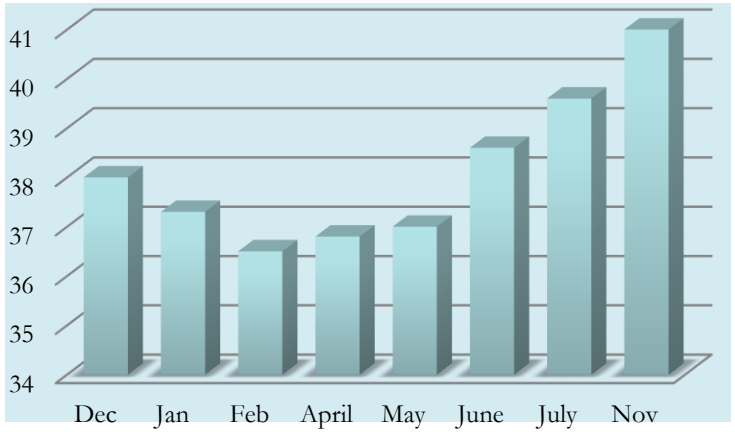
FMG's Optimized Learning Network



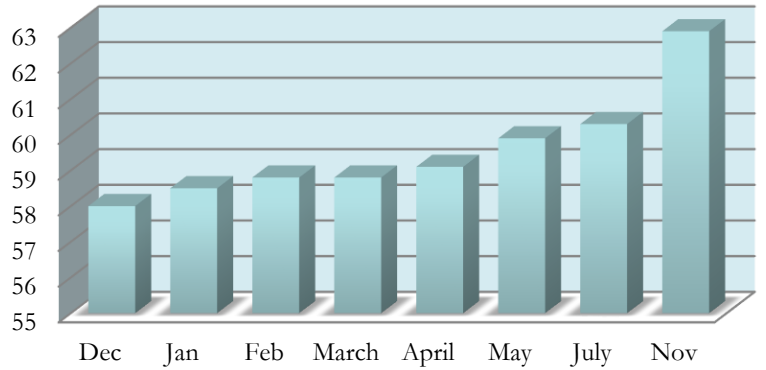
FMG Change Process Outcomes

When the State of Minnesota certified its primary care clinics

FMG Diabetes Improvement



FMG Composite Cancer Improvement



PEPPERDINE | GRAZIADIO BUSINESS SCHOOL

Operationalizing the “Engage and Learn” Cycle at Scale

Structure?

“We don’t care about structure, we care about accountability. What’s the project, what’s the deliverable we want? We put the right people on the team and we go…”

The ARC

By Person

- Bob
  - Project A (Peter)
  - Project B (Lead)
- Mary
  - Project B (Bob)
- Peter
  - Project A (Lead)
  - Project C
  - Project D

By Initiative

- Project A (Peter)
  - Barbara
  - Bob
  - Lisa
- Project B (Bob)
  - Peter
  - Mary
- Project C

Parking Lot:

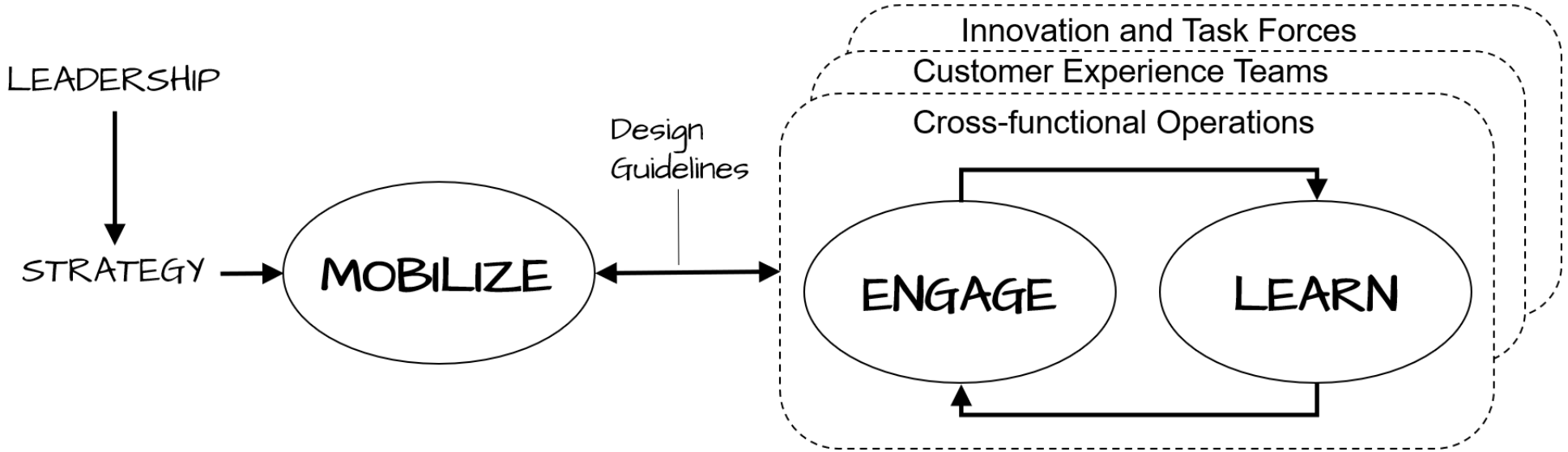
- Project X
- Project Y

- Right leader and right capacity?
- Right “shared clarity” re: direction, purpose, actions & timing?
- Right resources, including time, decision rights, and rewards?
- Right learning processes – feedback, access & support?

PEPPERDINE | GRAZIADIO BUSINESS SCHOOL

DaVita®

Change and Design are the Same Thing



▲ Draws: Shared Data, Strategic Direction & Pre-Authorized Rules | ▼ Deposits: New Know-How & Lessons Learned

FOUNDATIONAL PLATFORM & GOVERNANCE CORE

Shared Purpose & Direction

- Overarching 'North Star'
- Strategic orientation & goals
- Cultural values & cohesion

Know-How & Data Commons

- Organizational memory repository
- Central AI models & data pipelines
- Lessons learned & post-mortems

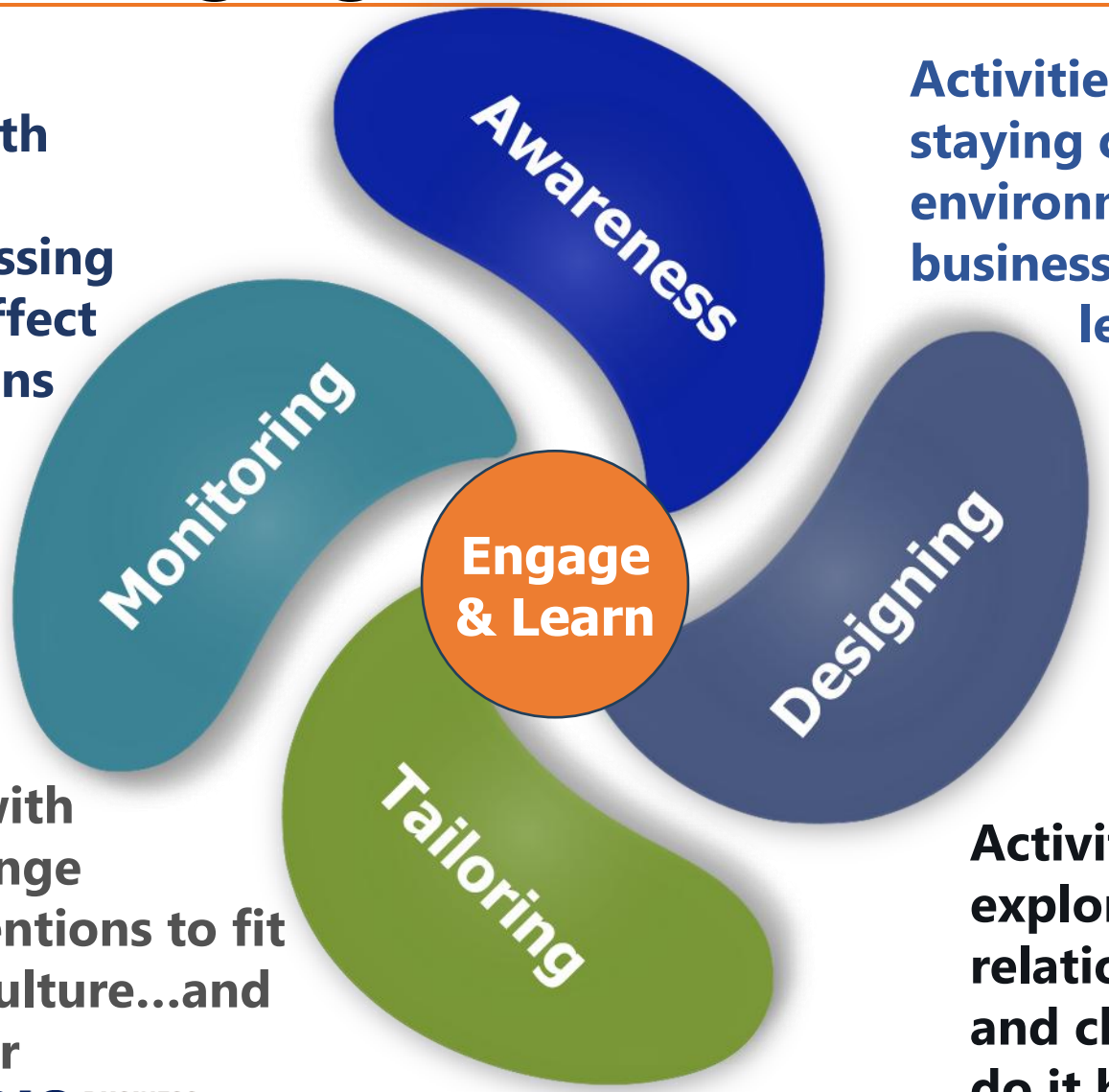
Pre-Authorized Governance

- Commercial decision boundaries
- Risk parameters & ethical guardrails
- Algorithmic calibration rules

Unpacking Engage and Learn Dynamics

Activities associated with quickly and regularly inquiring into and assessing the impact, result, or effect of different interventions and changes…and learning to do it better

Activities associated with staying connected to the environment, stakeholders, the business, and people…and learning to do it better



Activities associated with adapting designs, change processes, and interventions to fit local conditions and culture…and learning to do it better

Activities associated with exploring options and relationships between design and change…and learning to do it better

PEPPERDINE | GRAZIADIO BUSINESS SCHOOL

Q & A