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MaCoTra Singing ORGANISATIONS THAT TRANSFORM:
Selected Best-Practice Cases

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ABSTRACT

This article is a derivative of my doctoral thesis at the University of South Africa's (UNISA) School of Business Leadership (SBL) from 2001 to 2003. The electronic version of the thesis is available on the Unisa Institutional Repository.

An intensive literature search on transformation, change management and leadership revealed that the transformation theory arena has been driven by case studies. However, the case studies cited are predominantly Western. From a non-Western perspective, only one thinker, Mbigi (199) has documented his own case experiences applying his own theories/models of transformation.

In search for local and global best-practice cases, I found four cases that highlight interesting insights for comparative purposes. Two are from the West and the other two are from Southern Africa.

This article presents a brief critical analysis of each of the cases, highlighting the best practices. It also presents a comparative schematic representation of the cases. The representation gives a helicopter view of the cases, need for transformation, the intervention strategy, theory used and lessons/outcomes of the intervention.

I invite other researchers to search and document more transformation best-practice cases for the benefit of non-Western emerging nations.

Introduction

Four organizational cases have been chosen as a platform to reflect on the key issues regarding best practices in organisational transformation. Two of the cases (General Electric and Mount Carmel) are Western and from the developed economies whereas the other two (Eastern Highlands Tea Estates and South African Post Office) are non-Western and from the emerging economies.

A REVIEW OF THE BEST-PRACTICE CASES

The General Electric (GE) Case

General Electric (GE) is generally recognized for having pioneered approaches to organizational change and for recognizing that significant change is a result of profound shifts in people's attitudes and behaviours.

Tichy & Sherman (1993) succinctly summarize why GE needed a revolution under four major areas: key characteristics of the company, GE's 100-year-old heritage, the level of GE bureaucracy, and the core problems for GE.

In 1980, Jack Welch inherited a GE with a strong balance sheet, slow-moving bureaucracy, annual productivity improvements of 1% to 2 %, non-global businesses and modest technology.

GE's 100-year-old heritage included that it was always considered a company of creative ideas and also grew to be the most diverse company in the United States. It became the business school model for financial management, organizational design, strategic planning, development, and succession planning. Consequently, its culture

became very inward-focused and very bureaucratic under the fabric of scientific management.

The level of bureaucracy was in the form of nine layers of management from chief executive officer (CEO) to shop floor. These layers reflected a wedding cake shape company that had a military-like nomenclature and was similar across the company. The layers were composed of sector executives and staffs who were responsible for putting layers of reviews and procedures between CEO and the actual people running the business. The strategic planning process with over one hundred planning staff headquarters produced volumes of books and data for presentations.

In any organization, there are two kinds of issues: hard and soft. Finance, marketing, engineering, and manufacturing are some of the hard issues whereas soft issues include values, morale, and communication. Tichy and Sherman (1993:311) suggest "hard issues generally have the greatest effect on the bottom line (profits), whereas the soft issues have the greatest impact on the top line (total sales)". This suggestion is consistent with Beer & Nohria's (2000) Theory E.

For GE, the hard issues included that earnings growth were average, cash flow was a persistent problem because of high capital expenditures and working capital expansions, slow-growing electrical equipment core businesses still dominated GE, productivity growth was 1% to 2 % as indicated above, and operating margins stayed in the 7% to 9% range.

Tichy & Sherman (1993:318) point out three large uncertainties in: "power systems where the energy crisis and Three Mile Island had devastated backlogs, Utah International because the Japanese were developing new coal supplies", and "International mini-GE's (Brazil, Canada, Spain, Mexico), which were high-cost entities not ready for the new emerging global competition".

Beer & Nohria (2000) agree with Tichy & Sherman (1993) that Jack Welch's change strategy was sequenced. In the first phase, GE applied an E-type restructuring in which Welch moved quickly and aggressively on the hard issues: Welch took the fat out of the bureaucracies, downsized, divested businesses in which GE could not win, and invested where GE could win. Tichy & Sherman (1993) call this GE's first big idea where 'the strategy was to be Number 1 or Number 2 in any GE business and to get there by fixing, closing or selling each of GE's businesses. This was the technical idea.

After wringing out redundancies and achieving a more positive bottom line profitability, Welch adopted an O strategy in 1985 in the form of a series of organizational initiatives to change GE's culture. Beer & Nohria's concept of such sequenced change (from applying Theory E to Theory O) is consistent with Tichy & Sherman's (1993) presentation on two other GE ideas: the political and cultural.

The political idea was the adoption of a corporate structure that pushed most power out into the businesses, giving the businesses control over their destiny while at the same time integrating and holding certain powers at the centre of GE. The cultural idea was encapsulated under Welch's notion of 'boundaryless' values and behaviour.

Senge (1999:74-82) aptly summarizes the wisdom that other organisations may derive from the GE experience. The summary emphasizes four key lessons around employee engagement, best practices, integration, and goals.

The involvement and engagement of all employees needs to be boundaryless, including customers, partners, and suppliers. Such boundaryless engagement should focus on developing win-win solutions across levels, functions, businesses, and companies.

Best practices need to be identified and transferred from inside and outside of the company. Antennae should be kept tuned to anyone who can help the company become productive and successful.

The above two initiatives need to be integrated with key human resource practices such that the sourcing, development, and rewarding of employees is consistent with business objectives.

The fourth lesson concerns the setting of stretch goals. This is recommended since employees tend to be creative and innovative and design new processes when they let go of conventional wisdom.

Whereas Senge (1999) views the contribution of the GE case in terms of the four lessons above, Tichy & Sherman were concerned with the crystallization of a model for change and drawing out five commandments of a revolution from the GE experience.

A brief look at the Tichy & Sherman model of change, given GE, reveals that:
- during Act 1, employees experienced disengagement when they were laid off and businesses were bought and sold;

- during Act 2, employees gained perspective on both endings and the new beginnings in the early and mid-1980's as they spent time envisioning the future;

- during Act 3, employees became more comfortable with new GE precepts such as ownership and boundarylessness and needed to have their goals stretched to sustain the momentum of change.

Besides the Tichy & Sherman model and Senge's four lessons from GE above, Tichy & Sherman indicate that the GE case has also contributed five commandments of revolution for any organization: knowing the business engine, understanding the human connection, never compromising on performance, being candid and forthcoming, and never being a bully.

Knowing the business engine concerns having a clear understanding of the interaction between an organization's capital and technical resources in the creation of value. For the business engine to work, there must be a clearly and carefully articulated vision of the support between the technical, political and cultural systems of the organization.

Face-to-face constructive conflict is used to enhance decision-making in order not to compromise on performance. However, making tough decisions requires the balance between being hard-headed and soft-hearted.

The Mount Carmel Health System Case

In a *Business First* article on 27 July 2001 entitled *'Seeking a Higher Ground: Mount Carmel CEO employs new leadership model to inspire, retain employees and boost operations'*, Jeff Bell summarizes findings from his interview with Joseph Calvaruso, the Mount Carmel CEO.

Bell highlights that Calvaruso, with classical music playing softly in the background, now talks about 'the kinder, gentler, yet more effective, change leadership model that his organization is adopting'. The transformational model adopted is the Secretan Value-Centred Model (Secretan 1997).

Mount Carmel has been in existence for almost 120 years. Because of its religious roots, Mount Carmel always has been an organization that people felt had a spirit and soul to it. Calvaruso says 'We feel that spirit and soul gives us a position of higher ground'.

To fortify its cultural heritage, Mount Carmel launched the Secretan Value-Centred Change Model in September 2000, and prefer to call it the Higher Ground model. As at the date of publication of the article, more than 100 Mount Carmel executives, managers and physicians had completed weeklong Higher Ground retreats. Calvaruso, who became a believer in Secretan's philosophy in 1999 after attending one Secretan-run retreat about a year after being named Mount Carmel's CEO, has attended each of them.

Asked by Bell how what was learned from Secretan was transferred to the staff at Mount Carmel, Calvaruso had this to say:

> We've had a series of seven- to eight-day meetings, starting with our senior vice presidents and medical staff leadership. They were unanimously supportive of us moving to what we are now calling Higher Ground Leadership.
>
> Then we began taking people from other parts of the organization. In January we began a process that is going to involve all 400 of our managers. We will take each and every one to a weeklong retreat where we reawaken those values they all have.
>
> We spend a lot of time on the concepts of inspirational leadership and value-centered leadership. We talk about values that leaders need. One is courage. A good leader needs to be courageous and do the right things, even though it may not be popular. Authenticity is another value. People love authentic leaders - people who take off the mask and can be themselves.
>
> And love is a word that many people feel doesn't belong in the workplace. But we ask our people, "How many of you want more fear in your life?" No one raises his or her hand. Then we ask, "How many people want more love in your life?" It's unanimous. Showing love to each other in the workplace is one of the most powerful instruments of inspiring people.

> Truth telling is a value we talk a lot about. There is a tremendous cost to teams that don't tell the truth to each other and don't keep promises.

Focusing on a ***both-and*** paradigm, Mount Carmel has simultaneously adopted the Six Sigma process improvement model that gained attention through its deployment by Motorola and General Electric. Six Sigma takes a scientific approach to smoothing out an organization's operational snags and consequently reducing expenses. Mount Carmel had the objective of reducing expenses through introducing Six Sigma.

Mount Carmel call their change initiative Soulful Six Sigma since management has made a commitment that no one will lose their job because of Six Sigma. There are times when work is redesigned for more efficiency and requiring less people. Mount Carmel will help those people find other things in the organization that fit their calling. 'In other industries, they slash and trash people. We won't do that', Calvaruso retorts.

Commenting on how Soulful Six Sigma is being implemented, Calvaruso says:

> We have taken a dramatic, bold approach. We were not going to do this in an incremental way. We've taken 44 people in our organization and given them four weeks of intense training over a four-month period. The first class of 20 graduated in March. The next wave of 24 is graduating in July.

> Our projected savings for the first wave of 20 was $440,000 through three months. We were at about $1.2 million from end of March to mid-June in terms of financial benefit savings and revenue increases. We spent about $650,000 on training, so it has more than paid for itself already.

> We expect a $4 million financial benefit next fiscal year and $10 million to $16 million the second year.

Calvaruso indicates that a combination of talented managers and the adoption of the Higher Ground model that shapes Soulful Six Sigma now contributes to the dramatic improvement of both health care delivery and profitability at Mount Carmel.

The essence of reawakening the spirit and values at Mount Carmel is encapsulated in Calvaruso's interview closing remarks:

> The final thing is (Higher Ground) is a standard by which we can make decisions. We can sit around a table and say, "Will this money we are about to spend honor every soul? Is it loving?" And the final question is, "Whom does it serve? Does it serve us or ennoble others?" If we get bad answers on a few of those questions, we stop and think about if this is the right decision.

The Mount Carmel case highlights that a CEO needs to move from being a change champion to role modeling the behaviour change that he expects. Mount Carmel is demonstrating how Kotter's model may be applied in organizations intuitively. What is also notable is how Mount Carmel has, not only benchmarked externally with Motorala and General Electric on Six Sigma, but also infused Value-Centred leadership into the process. This approach to radical change demonstrates the concurrent application of Theory E and Theory O as suggested by Beer & Nohria (2000) above.

In replication studies, it is instructive to check whether any of the selected companies has experienced such interweaving of interventions.

The Eastern Highlands Tea Estates (EHTE) Case

This case reflects how organizational spirits were harnessed and transformed at Eastern Highlands Tea Estates (EHTE), using the Mbigi Ubuntu Transformation Model, resulting in a competitive and high-performing powerful organization.

Mbigi (2000:95) chronicles his experiences with EHTE after asserting "Western management techniques were limited in managing rapid and large-scale change involving the creation of new worldviews of entire communities to move from the known to the unknown". The experience summarized below started in the late 1970's, when Zimbabwe was at the height of its liberation war.

EHTE is a tea manufacturing company in Zimbabwe in an area bordering with Mozambique. This location placed the company near some of the Zimbabwean guerrilla training bases in Mozambique, not far away from EHTE. Due to war activities in Zimbabwe at that time, EHTE's production fell below 10% as a result of key workers and managers running away to urban zones of comparative safety. The British holding company, listed on the London Stock Exchange, that owned EHTE, wrote off the company at one pound.

Mbigi (2000:97) points out that the strategic challenge for EHTE, in the early 1980's, was to harness the positive organizational spirits in order to release energy and create enterprising community needed for high performance, as well as value creation. EHTE, therefore adopted some of the Shona tribal management and spiritual practices, values and philosophies, consciously integrating them with Western management techniques

The thrust of EHTE transformation included a focus on a new being of the organization covering application of best operating practices, change of mindsets and creation of a new atmosphere. The key activities were around creating a new collective community worldview, an organizational and enterprising community spirit based on inspiring collective business rituals, songs, symbols, dances, drumming, myths, heroes (mediums) and story-telling.

The content of all initiatives aimed at improving performance through doing new, better and different business activities. A key driver for organisational design was a new worker plot system. All tea fields were divided into small plots with each plot allocated and assigned to an individual worker.

A lot of collective dialogue and debate was used to reach consensus on production standards, systems and targets as well as reward system. This worker plot system was aimed at inculcating a sense of collective and individual accountability. This approach is a cornerstone of African agricultural worker participation, stewardship and industrial democracy.

The Shona tribal collective renewal and bonding ceremony, called **Dandaro,** was used as a strategic forum for the debates and mobilisation. A Dandaro session is an open-air forum that is critical of all company activities. It is similar to the 'Work-out

sessions' that GE adopted. Dandaro sessions, however, are punctuated with singing, dancing, drumming, collective story telling, and high performance slogans.

The employees voluntarily created their own teams consisting of family members, friends and work mates. The workers worked on flextime arrangements, creating a free enterprising community.

EHTE was affiliated to the African Tea Foundation based in Malawi. The scientific findings of the Malawi organisation were used to pioneer EHTE's best operating practices. For example, the Malawi findings urged EHTE to embark on coffee growing. The successful implementation of this idea provided a solution to one of the key business problems around capacity utilisation when tea is out of season.

Tea brokers in London also sent samples of top selling teas for each batch. EHTE multi-level teams met every Thursday in the afternoon for four hours to test tea in order to discover new ways of improving tea manufacturing. In this way, EHTE was involved in competitive benchmarking and experimentation as part of developing and implementing best operating practices.

The EHTE case illustrates how transformation may be taken as not only an intellectual journey, but also a spiritual and emotional one. In this regard, Mbigi (2000:100) strongly suggests, "social capital mobilisation requires the artistic creation of relevant rituals and collective singing, rhythmic dancing and drumming".

This case demonstrates the concurrent application of Theory E and Theory O as suggested by Beer & Nohria (2000) above. It is apparent that the emphasis is tilted towards Theory O.

This emphasis was particularly reflected by EHTE's annual merry-making production festival. The festival was a major strategic ceremony, not only to award and honour best workers, best departments and best estates as production heroes, but also to celebrate agricultural achievements of the past season and plan for the next. Traditional chiefs, traditional healers, managers, spirit mediums, church leaders, community leaders, all employees and their families, political and government leaders would attend with the rituals carried out by the traditional Rainmaker.

EHTE is currently performing well.

The South African Post Office (SAPO) Case

The Strategic Diversity Transformation (SDT) programme for SAPO provides another example of the application of Mbigi's Ubuntu Transformation model.

SDT were modular-based and run by transformation champions and facilitators. The facilitators were trained and provided with a new multi-disciplinary knowledge base including management consulting, mobilisation skills and presentation and training skills.

The three modules for the two day SDT programme were: 'The challenge of economic liberation, Managing our heritage and the past', and 'Survival strategies for minority and majority groups in South Africa'.

'The challenge for economic liberation' module was divided into three phases. Phase one focused on civil liberties, Phase two on political liberation and Phase three on economic liberation to produce an efficient, prosperous and fair society.

In Phase two, the heroic struggles of both Afrikaners and the black people of South Africa were narrated in a mythical way to show the similarities in both struggles. A shared sense of cultural heritage was created in the process.

The key emphasis in the third phase was developing a shared agenda for development. This was necessary as Mbigi (2000:75) observes "a lot of African struggles lost their direction after the second phase of political liberation".

The 'Managing our heritage and the past' module was run towards the end of the day. The intention of the module was to create discomfort with the past. It was used to leave the white participants with a complete state of disgust of their past and black participants very angry about their past. The night would allow participants to reflect on their emotions and let go of their past and come ready to travel into the future the next day. The approach used is consistent with the 'Unfreezing' concept in the Lewin-based models (Madzivire 2003)

The night, therefore, was a platform to move into the transition stage where the module 'Survival strategies for minority and majority groups in South Africa' would be presented the following day.

In this module, the whites would be assisted in crafting a survival strategy to thrive and prosper in a hostile political environment without political power. Examples of minority groups, like Jews, who prospered and succeeded in hostile environments, were quoted to reinforce possibilities of survival at all odds. Elements of the survival strategy included partnering with the majority and developing a new patriotic agenda that includes the majority groups.

The majority group strategy was around shifting mindsets from a victimhood mentality to a victorhood mentality. Thus, the new positive agenda for the majority group was to be decisive and resolve to focus on governing the country efficiently and fairly.

The second day was, therefore, mainly concerned with the 'Moving' stage of Lewin – based models. The ending of the day would 'Refreeze' new behaviours through a bonding ceremony around an outdoor fire. It involved sharing food and drinks punctuated by collective singing and dancing. The intention was to create the social capital needed to chart the course for a diverse and inclusive work community.

The two Ubuntu-based cases are an expression of how the experience of liberation struggles and organisations in Southern Africa can provide lessons on managing complex, rapid and integrated transformation efforts.

As Mbigi (2000) summarizes, social capital formation is in three parts: 'collective intellectual capital formation, collective emotional capital formation', and 'collective spiritual capital formation in the form of trust'. To achieve this rapid mass transformation based on African cultural heritages demands a rethinking of how to speed up the upskilling and deployment of multi-level and cross-functional facilitators to embed transformation in organisations.

Summary findings

A comparative schematic representation of the cases is reflected in Table 1 below.

Table 1: A Summary of the Organisational Cases

CASE	NEED	INTERVENTION	THEORY	LESSON/OUTCOME
GE	•A strong balance sheet, •Slow-moving bureaucracy, •Annual productivity improvements of 1% to 2%, •Non-global businesses, •Modest technology.	•Hard issues dealt with, •Soft issues worked on later.	E followed by O	•Boundaryless engagement, •Best practice benchmarking in and outside company, •Human resource practice integration, •Stretch goals, •Tichy & Sherman model, •Five commandments: –know the business engine, –understand human connection, –have a performance bias, –be candid and forthcoming, and –never be a bully.
MOUNT CARMEL	•Soul care and sacredness, •Efficient operation.	•Higher Ground leadership, and •Soulful Six Sigma.	• Heavy O and E .	•Integration of Kurt Lewin- and Soul-based models into Soulful Six Sigma, •Quality health service delivery, •Mount Carmel profitability.
EHTE	•Company turn-around	•Ubuntu.	Heavy O and light E.	•Transformation is a spiritual, emotional, social & intellectual journey, •Social capital mobilization requires the artistic creation of relevant rituals, •EHTE turn-around, •Consistent use of various multi-level & cross-functional teams of facilitators & change champions.
SAPO	•Diversity and inclusion	•Ubuntu-based SDT.	Heavy O and light E	•Integration of Kurt Lewin- and Spirit-based models, •Survival agenda for minority groups, •Survival agenda for majority groups, •Celebration of both similarities and differences, •Consistent use of various multi-level & cross-functional teams of facilitators & change champions.

Recommendation

I invite other researchers to search and document more transformation best-practice cases for the benefit of non-Western emerging nations.

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