HOW TO DEFEAT
ORGANIZATIONAL SCLEROSIS

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The passage of time is the natural trial of every living organism and with it the real powers of entropy become ever evident. While young, an organism gains strength and forcefulness as it builds up experience; the young organism's response is generally agile and timely, punctual and vigorous. As age increases, the abilities begin to degrade and the tissues harden—a condition known as sclerosis. Exercise and good habits may help lessen the effects but in no way can they cancel them.

The same phenomena can occur in organizations from similar causes. The author's purpose here is to describe how an organization can successfully confront organizational sclerosis and, unlike the living organism, ultimately defeat it.

Organizational Complexity

The human organization is by definition the most complex of systems, due in part because, in it, both group and individual interests merge and oftentimes collide. Its complexity is comprised of economic, social, and political interests and a blending in of plural and decreasingly predictable environmental and cultural determinants in which the laws of the jungle often predominate and emphasis is on the survival of the fittest. Bureaucracies—whether public or private—call for voluntary compliance, initially driven by optimism and a sense of inevitability yet frequently followed by the resentment and frustration of unfulfilled expectations.

The epic dramas of yesteryear are metaphorically relived in many organizations. The market is the landscape where today's battles take place. With "winning in the market" as the objective, evolutionarily ineffective organizations are reduced or disappear, people are alienated; unemployment and loss is often the result. The principle constant is and will probably always be competition.

Even the simplest organization represents extraordinary complexity. Consider the individual versus the environment. To understand this dynamic, it becomes necessary to judge, on the one hand, the beliefs that the individual has about self and individual origin and, on the other hand, the knowledge and convictions held about the environment as well as the degree of satisfaction obtained from the individual-environment interface.

If in this basic example we would like to improve "the quality of the organization," we would have to begin by defining the attributes of the said quality; measure to what degree those attributes are currently present, and then act in consequence. Whatever the action(s) initiated, they must address the three essential elements of that organization:

1. The individual
2. The interface
3. The environment

According to this, the success of the plan to improve the quality of the organization shall depend on the following factors:

- Clarity in defining the attributes
- Precision in measuring the current state
- Unbiased definition of the plan's objectives
- Appropriate selection of the action means
- Degree of influence over the essential elements
- Effectiveness in carrying out the implementation

If for a moment we extrapolate this example to a more complex organizational scheme—let's say composed of two individuals facing their environment—it would appear initially that complexity has only doubled; however, if we consider the diverse forms the relationship among the elements may take while the two individuals reach an agreement as to a common purpose, we will understand how the complexity has multiplied. The agreements between the two individuals will assume an ethical conduct in such a way that any deviation may hamper achieving the purpose and most probably the balance of the relation. Let us accept that the agreements and the underlying behavior represent the structure of this organization and that the ways in which the individuals act in order to reach their common objectives represent the organization's culture.

Let us carry this example of an organization to what is most common in our days where a group of individuals has "ownership" over an organization and requires the help of others to achieve the goals of the owners, with the goals of the contracted "assistants" not being the same as those of the organization. An additional variable has been introduced which undoubtedly will exponentially affect the complexity we are analyzing.

Structure and culture become more complicated and this results in more complexity and difficulty in the achievement of objectives. It is required to have means that facilitate the management of this complexity providing course and rhythm in pursuing the goals. The means are management's actions.

From this scheme, we may conclude that the contemporary organization has a complexity no other known system had in the past. Profit organizations particularly include such diversity of interfaces that achieving synchronization between them demands the best of human talent. These interfaces are:

1. Board of Directors – Shareholders Meeting
2. Top Management – Board of Directors
3. Top Management – Region or Divisional Directors

4. Functional Areas – among and between them

5. Boss – Subordinates

6. Subordinates – Colleagues and Peers

7. Person – Structure

8. Organization – Environment

Based on their characteristics, these interfaces represent tangible boundaries—some technical and others social. Their interaction produces the movement expected throughout the organization: that is, progress. However, there is a very special, intangible boundary, which refers specifically to the forthcoming desired states (for us, the differentiated value proposition and the productive revenue targets) that serve as a guide to determine strategic objectives (sustainability); these give birth to planning. This boundary relates to all others, is probably the most sensitive and influential, and has the utmost weight.

Therefore, management's most precise and important task consists in defining objectives as well as planning and implementing all pertinent actions in order to achieve the desired states. Thus, the organization's success depends on this conversion capability.

During the first years, it is common that the structure and functioning of an organization will not be perfect and it becomes necessary to have a leveling of its components for it to operate effectively. Experience tells us that only during the second year and continuing into the third does an organizational structure begin to prove its high yield. Likewise, experience demonstrates that organizational structures are also prone to suffer the problems of old age. These late-stage, age-related problems may arise when the following conditions are present:

- The members have evolved faster than what the organization demands

- The members do not provide the structure with the required drive

- The structure is not compatible with the life cycle it is going through

- There is a sort of fatigue that results in delayed responses to the stimuli coming from the management or from the environment

As these features appear, organizational sclerosis begins to manifest itself.

Sclerosis Main Symptoms

There's a wide range of indicators that lead us to conclude that an organization is sclerotic. The generic list that follows does not suggest a sequence of occurrence but rather a collection of symptoms:

- Tendency toward activism

- Tendency toward the internal functioning of the organization

- Drive for efficiency instead of effectiveness

- Unawareness of environment

- Tardiness in decision-making

- Scarce and retarded innovation

- Weak orientation toward clients and the market

- Technological lag

- Rejection of change

- Old-fashioned procedures and policies (i.e., inappropriate to the demands of the current state as well as the upstream, desired state of the organization)

- Insufficient people involvement

- Clumsiness in managing change

- Recalcitrant authoritarianism

- Suppression or dilution of conflicts

- Poor communications

- Area feudalism

Tendency toward activism

The tendency toward activism is a functional characteristic representing a collection of attitudes geared primarily toward maintaining the manners of "activity" in such a way that everybody is busy at all times; this is due to the existing belief that if idleness is present, productivity will diminish. The drama of this phenomenon is that even if the level of activity is kept at a maximum, the results of the organization do not improve. Even worse, results frequently deteriorate. In physics, this is known as a violation of the Law of Requisite Variety, which implies in human systems that more of the same will not necessarily work to produce a more robust outcome.

Tendency toward the internal functioning of the organization

With this tendency, the members of an organization devote all their energy to keeping the heavy organizational gears moving, taking care that everything happens according to procedures and thus staying within the norms. Several business opportunities are discarded because they appear contrary to the organization's policies. Internal order and discipline prevail over the position of the organization against its competitors in the market and in facing suppliers, clients, and the community as a whole. The organization's top management looks inside and ignores what's going on outside.

Drive for efficiency instead of effectiveness

A cult of perfectionism comes about when efficiency is emphasized and, yet, effectiveness is either undervalued or ignored. Personnel are trained and forced to repeat routines with precision and to implement decisions from above with discipline. Personal appearance, formality, tolerance, and being condescending are more important than openness and efficacy.

Unawareness of environment

The sclerotic organization considers itself particularly immune and lives to impress itself with its own products, strategies, and decisions and pays very little attention to movements occurring in the environment. In the prevailing mindset, nationwide events are considered distant from the organization's reality. The problems confronted by other organizations of the same sector are looked at sideways as if they had no relation with the problems of the sclerotic organization. When information relating to loss of the organization's prestige and image arrives, the organization has no problem manufacturing a rationale why such information should either be refuted or ignored. And once the defensive explanation is put forth, no harm is expected to befall the organization.

Tardiness in decision-making

Within sclerotic organizations, decision-making is centralized and highlights functional faults, as those listed below:

- Information for activating decisions is untimely

- Information received is incomplete and imprecise

- Those with authority to decide have not "felt" the need to decide

- Those who convey information have a different sense of urgency and opportunity from those who decide

- Once any decision is made, it's necessary to wait whatever time is needed for its implementation

- When a decision is implemented, it becomes necessary to put forth adjustments and corrective actions in order to come close to the original objective

- Due to this lengthy process for making decisions, tardiness is obvious

Scarce and retarded innovation

The negative effects of centralism are not only seen and felt in decision-making, but in the expression of creativity and the practice of innovation throughout the organization. Thus, the flow of creativity coming from the people in contact with the day-to-day operation is either stifled or greatly impeded by the decision-making process. Any good idea that arises within a sclerotic organization must have a high-ranking patron in order to have any hope of survival.

Due to this simple fact, the creativity and innovation process happens only at the personal level and is therefore subject to the perils of human relations. That is, if and when harmony and availability prevail, innovation shall come forth; otherwise, when coldness and tension are present, nothing can be expected. We suggest the obvious—that organizational sclerosis promotes the latter.

Weak orientation toward clients and the market

Weak client and market orientation is a problem of disengagement and missed opportunities. When the organization passively makes products and services available but

does little to engage the prospective customer or participate in related market activity, it's time to acknowledge yet another sclerotic symptom. This condition must also be concluded when market detachment is harshly defended, stating that since product lines are designed "in-house" they have nothing to do with opinions circulating in the market (i.e., differentiated customer value proposition). Consequently, the presence of this condition may indicate that the organization participates in a market where it doesn't belong or that it offers products that do not meet existing needs.

Technological lag

If something has sped up these days, it's called obsolescence. Even when an organization marches toward technological update, it may become obsolete if it hasn't concentrated its attention on the competitive advantages offered by technology. Technological lag is evident within the organization when there is a substantial majority of operations performed by human energy instead of automatic processes.

Change rejection

The first symptom of change rejection appears when top management simply feels no need for change—either because the circumstances are not pressing for change or because what has been done in the past was well done (the Law of Requisite Variety in reverse).

The sclerotic organization may cling to this change rejection because it ignores the direction in which to make the change and because what's already known is more safe and comfortable. This position insidiously feeds the attitudes of key members of the organization so that social processes become even more difficult and the organization's effectiveness diminishes.

Change is also rejected when the new ideas seem to threaten the structure or, above all, the power centers of the organization. After all, implementing new ideas could bring a loss of influence to those who now dominate the status quo. It becomes difficult to mistrust the exact, precise, profuse, solid, and rational arguments appearing at each of the trenches for rejecting changes. If we add that those who put forth the arguments hold authority, the possibility to defeat those persons diminishes, so the status quo prevails.

Old-fashioned procedures and policies

As organizations develop, the need for regulating performance on all fronts appears. This turns into deciding what is allowed and what is not. Essentially, this is how policies are born: each one has its own moment and has had a specific stimulus within a defined context.

The question becomes: will such circumstances be continuously present going forward in order to provide validity to the recently constructed policy? Organic systems are capable of adapting to changing circumstances—a process known as "metamorphosis." In the sclerotic organization, policies cannot accommodate changing circumstances. The attitude seems to be: "Let the people change, but not the norms!"

Insufficient people involvement

The routines, driven by the force of inertia, soon convert into alienation in such a way that people work simply to comply—simply to let time go by, because maybe tomorrow things will change. Blind bets for an unknown future only bring good wishes. Maybe the only hope for people in such an organization is to survive within the structure, all the while hoping for an opportunity for personal advancement that is presently absent.

Clumsiness in managing change

Because of all the aforementioned characteristics, the sclerotic organization does not typically possess the quick reflexes nor toned muscles for reacting in a timely fashion. The afflicted organization reacts to sudden attacks by competitors or unexpected shifts in the government's policy with clumsy change decisions. This delayed and ineffective change management even occurs in the face of unexpected opportunities—which means fewer realized benefits and, typically, a reduced competitive position. In the sclerotic organization, changes are made late, defensively and drastically—and usually without enough planning and without an understanding of the likely results.

Recalcitrant authoritarianism

Considering that a sclerotic organization lives in the kingdom of continuity—since ideas and those who originate them are seen as intruders—the prevailing environment demands submission and discipline. In case the circumstances should call for increased creativity, it may only stem from top management—either from their own neurons or from those they decide to outsource. If restructuring is needed, temporary specialists (consultants) are brought in. Similarly, when a new marketing strategy or a change in the level of motivation may be required, outside talent is brought in

The employees are constantly relegated to accessory status. Nothing besides subservience is expected and those who dare to buck the system are limited in role or in enjoying future possibilities.

Suppression or dilution of conflicts

To start with, conflicts are not tolerated in a sclerotic organization; they arise when opposition exists and positions are respectively defended. Top management will never allow going against its dictates and much less against its orders. Thus, any notion of confrontation is suffocated by authoritarian and repressive means, even reaching extreme limits if necessary. Elsewhere, a dissident attitude is covered up by concessions until unconformities are mitigated, noise is shut down, and harmony is re-established.

Poor communications

Very frequently, communication in a sclerotic organization assumes one or more of the following forms:

- One way and only top down
- Formal, protocol and in writing

- Informal, in all directions except upward, because complaints, unconformities and rumors abound.

It is evident that openness toward top management does not exist and that facts are handled speculatively.

Area feudalism

Since continuous infighting for survival is constantly present within an authoritarian environment, defense of one's own territory and vital space surges as a spontaneous response. In the face of leadership that demands, points out, and critiques but does not seek agreement, a group spirit based on commiseration and in remembrances of past tough times springs up; pride for belonging is high but sick. A common belief is that other areas are not right but that one's own area functions perfectly.

Various Treatments for Organization Sclerosis

Just as transplants exist in modern medicine to replace damaged organs or tissue, this practice may also be followed in some organizations—that is, human teams can be replaced. This alternative can bring vigor to certain regions of an organization and sometimes may even completely change the organization's culture.

Some organizations may opt for radical surgery and wait for the rest of the organism to compensate and substitute the functions of the removed organ, while others follow allopathic indications, applying doses of medicines to the unresponsive organs. In like manner, some others pretend to alleviate the cause of the malady by following indications for homeopathy and alternate medicine, even if this may represent a very extended recovery. Frequently, some successful cases of self-medication are encountered; however, those in which the patient had to receive emergency treatment by a specialist predominate.

As in any medical treatment, the key is based upon an accurate diagnosis. With today's available technology, it's possible to conduct detailed studies in order to know where the origin of the illness is located. It is also possible to perform sophisticated surgery to remove the malady.

As to organizational sclerosis, it may be said that the origin is always located in the same location: management. A sclerotic organization has reached that point because of its slowness in responding to change and this defines the primary responsibility of management.

Even when radical surgery may be a good alternative, it may not be the preferred course. It might be that treatments that allow the organization to maintain its response capability are more adequate; precisely, these are what organizational development prescribes. For this type of intervention, certain conditions such as adequate prescription, a good team of specialists, technological and financial resources, and, above all, the patient's willingness are required. This metaphor emphasizes the prime importance of top management's support; however, this does not always occur. Even when an illness is recognized, it's hard to confront it, primarily due to resistance to change.

So, one first obligatory step to counterattack sclerosis consists in a series of doses designed to reduce top management's resistance to change because, if this is not achieved, a good result can hardly follow.

FIRST DOSE: Participative diagnosis

Resistance to change may be reduced if diagnosis of the situation is done initially by those affected by the change itself. The process of diagnosing leads to increased consciousness of what's wrong; this in turn leads, naturally, to the steps that must be taken to change the situation.

A joint diagnosis may be done as teamwork, having top management discussing the answers to "which are the main problems we could solve by working together to find a solution?" This sort of question has brought repeated success at all management levels. Not only the final diagnosis the question brings forth is important; it also generates a deep unfreezing (resistance reduction) among all the persons involved in discussing matters that had not been addressed beforehand. Frequently, the parties gain new expectations about old problems; sometimes they even realize that they themselves were the main cause.

SECOND DOSE: Joint goal setting

Resistance to change in an organization is reduced by managing a joint goal-setting process between the people who institute change and the people who are affected by change.

Most of the resistance is simply based upon the lack of understanding and agreement about ultimate goals. When agreement is reached concerning the end point, a direct thruway opens to get there. That is, when jointly agreed-upon objectives are arrived at, execution becomes clear. Joint goal setting sometimes makes haggling necessary because this induces compromise; it's worth mentioning that haggling is not necessarily a sign of weakness but rather an acceptance of reality.

THIRD DOSE: Interpreting resistance

Normally, when people understand why they've been resisting a change, this insight reduces stubbornness or at least brings it to a rational level. Interpreting resistance with those who have been opposed is a vital step for the change agent, both in psychoanalysis as well as in organizational development.

Resistance to change has been seen as a symptom of another underlying cause—such as fear of the future or unwillingness to concede. Invariably, the form adopted by the resistance is an indicator of its true nature—very rarely is it the openly established reason. Discovering and discussing the underlying reasons may lead to the real cause of the problem.

FOURTH DOSE: Training for results

A paved highway for battling the root of sclerosis consists in training the management group to focus on results; this makes them capable of acting as a strong tissue on which results-oriented organization has its foundations.

Some managers romantically believe that reading a book or attending a one or two-hour conference suffices for acquiring a results-oriented frame of mind; however, these methods at their best can only impress because the mind remains intact. What is really required is to mobilize them for growth, to have them understand and apply the concept of results to each specific situation.

Experience has demonstrated that it is necessary to invest about 150 training hours in each manager in order to obtain a totally results-oriented mentality; likewise, to orderly and systematically work with each management team to achieve the same effect throughout the organization.

The existing Managerial Effectiveness Top Team Seminar specifically teaches managers what exactly are results and how to apply this criterion to their situation. Reasons for the usefulness of this seminar include:

- Managerial Effectiveness is the basis for this experience
- Each participant is vigorously taught the meaning of "results" and "Effectiveness Areas"
- Emphasis on change is an absolute necessity of the manager's job
- Highlights in the seminar's various stages the need to continuously measure results
- High priority is given to both teamwork and team objectives
- The teams conduct self evaluation at least daily; sometimes internal critique may last several hours
- Apprenticeship and intense fostering focused on practicing non evaluative feedback

The predominant theme is that managerial effectiveness is management's key element. A manager's sole responsibility is to be effective. Furthermore, all managers have effectiveness as a social responsibility.

FIFTH DOSE: Put theory into practice

The concepts presented in the training for results program must find a practical channel for them to make sense. Once all the managers have been trained to focus on results, they participate in a series of adequately structured meetings to bring the concepts down to earth and also to serve as invaluable group exercises that help define results for an organization, set goals and evaluate effectiveness.

The term "meetings" may be perceived in multiple ways—some positive, others negative. In any case, it's helpful to promote the concept of meetings as a helpful path for making things change. Five types of meetings, listed below, are identified to stimulate and guide change in an organization:

1. Management Team Meeting
2. One-on-One Meeting
3. Inter-team Meeting

4. Corporate Strategy Meeting

5. Large Group Meeting

In creating a results-oriented organization, one meeting from the list above or all five may be required. There's great utility in understanding the dynamics and goals of all five.

The Management Team Meeting can assist in the construction of a team, based on common goals, and can improve the effectiveness of both the team as a whole and its members, including the manager as team leader. Normally, the management Team Meeting lasts from three to four days in a location far away from the city where the company is located. The topics that drive the meeting usually include:

- Team's results areas

- Team members' results areas

- Team effectiveness as perceived by its leader and members

- Improvements that must be done to the management style of each person, including the boss

- How to reach decisions in the future

- How to handle team meetings

- How to reorganize the team

The One-on-One Meeting actually defines a series of meetings that take place between the team manager and each of his/her subordinate managers. These person-to-person meetings strengthen the interface, while clarifying expected results both upward and downwards. The time and focus invested in One-on-One Meetings help establish honest and open communications and reinforce a constructive work relationship.

Inter-Team Meeting can help solve important problems between two functional areas that find themselves presently in conflict. Intended to seek solutions to the existing roadblocks, which are hampering effectiveness, the Inter-Team Meeting sets common objectives and establishes individual and group commitments. The teams that participate—two at a time—typically include the following functional areas of an organization:

Production – Sales - Purchasing – Human Resources – and any other area

Corporate strategy meeting, attended only by the unit's top management, has as its main objective improving the company's strategy. The core questions for this meeting address all corporate-level issues, especially the company's relative position in the market. Through a variety of structured exercises over a two to three-day period, members of the top management team reach decisions on topics as diverse as the role of technology, management philosophy, and the ideal organization chart.

The Large-Group meeting, though not very common, can have strong success for the right organization. From 30 to 300 persons—not necessarily all of them managers—gather for a three-day meeting, devoted entirely to solving problems and arriving at what is best for the organization on each front. The Large-Group Meeting can serve as an excellent roadway for

driving restructuring projects, policy changes and other enterprisewide initiatives. Likewise, strategic results are defined and change goals are set.

Summary

When an organization becomes sclerotic, reversing the condition requires special attention, especially by top management. The parallel phenomenon of sclerosis in organic systems can be instructive in understanding the lack of resilience and resistance to change evidenced by sclerotic organizations.

In this article, we have provided a few ideas for recognizing and confronting sclerosis in an organization. This article has also presented an effective program for treating organizational sclerosis through a series of prescribed "doses"—a sequence of structured exercises designed to lift the organization out of its malaise and get it back on the road to health and sustainable progress.

As a note of encouragement, the reader should take heart that, whereas in organic systems a best case is curbing further deterioration from sclerosis, organizations cannot only arrest sclerosis but reverse and defeat it.

About the Author

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For more than 20 years Don has advised a diverse variety of businesses, large and small, throughout North and Central America, Europe and Russia. He is a recognized thought leader and senior advisor in effective change management and the senior leader and chief scientist to SDW's Worldwide Organization Effectiveness practice.

Don has worked with various Native American government and business organizations including the Seneca Tribe of New York, Gila River Community, Fort Sill Apache Tribe, Snoqualmie Tribe of Washington and the Comanche Gaming Enterprises in Oklahoma.

Along with an extensive business within the Native American communities, SDW clients have also included SKF-West Germany, University of Rochester Medical School, National Training Institute for the Deaf, Casino Arizona and Talking Stick Resort, PURE Canadian Gaming along with many others.

Don is the author of The Results-Focused Organization, the soon to be published series of Field Guides to Organizational Effectiveness and Instrument Based Training: A Guide to Increased Effectiveness in Training. Don's writings and consulting/advisory work focus on planned change, organizational development, managerial effectiveness, sustainable performance, effective leadership and managing change with measurable results. He has been visiting professor and lecturer at the University of Rochester, National University, USIU in San Diego and is regularly featured at the National Indian Gaming Conferences. Don has authored over 30 assessment and training instruments and over 40 specific competency focused trainings.

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