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**Systemic
Consultancy
in Organisations**

Carl-Auer



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Systemic Consultancy in Organisations

Concepts – Tools – Innovations

In cooperation with Johann Ortner
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Preface

Only a few years ago, it would have been very difficult to even imagine writing an introduction to systemic organisational consulting for a wide readership from a range of different professions. In the meantime, this previously well-kept secret has emerged from its niche existence to become an infinitely presentable and attractive approach to organisational consulting in both the profit and non-profit sectors. Systemic training programmes continue to boom as change managers and conventional consultants alike look increasingly to this form of consulting when traditional methods fail.

However, learning and adopting the systemic approach is by no means easy, since it is ultimately a question of attitude and thus involves far more than simply know-how that can be taught and learned. Our many years of experience both as consultants and trainers have shown us not only how difficult systemic organisational consulting can be to learn, but also how effective it can be.

We would also like to make clear that the aim of this book is to present *our* approach to systemic consulting and that we lay no claims to this being either the only or the only correct approach to systemic organisational consulting.

The objectives of this introductory guide to systemic consulting posed an enormous challenge. Its intent is not only to illustrate the complexities, intricacies and multiple meanings of this approach, but also to deliver a clear insight into the praxis of systemic organisational consulting and into the actual methods and intervention possibilities used. At the same time, we also wanted to provide the reader with some guidelines and typical examples, offering a taste of systemic “reality”, illustrating how difficult systemic consulting can be (and indeed usually is) and highlighting the stumbling blocks that may be encountered on the way.

To give readers – be they consultants, project managers, students or simply anyone with an interest in the subject – an impression of our day-to-day work, we begin our trip into the chaotic and exciting world of systemic organisational consulting with an example of an actual consulting project. This case study embraces all the different elements that go to make up this approach¹: an adventurous journey with all the

associated highs and lows. Whilst this gives an impression of the region, the countryside, the people and their customs, it nonetheless remains only a travelogue and cannot replace the actual experience itself.

We then take a short detour to the origins of systems theory and introduce some of the key terms used in systemic organisational consulting. In doing so, we use our case study to create the link to the three main levels of system intervention and the five dimensions that need to be considered at each of these levels.

Continuing with our travel analogy, these three intervention levels – architecture, design and tools – can be compared to a guide book: they provide basic guidelines, recommended routes, tools, “rules of thumb” and checklists on what to pack. To accompany our journey, we have included a selection of interventions that are both relevant to the case study yet also highlight issues that have not previously been described in detail in other publications².

We would like to extend our thanks to all the clients and colleagues we have worked with in the course of our projects and who have helped us to continually develop new ideas. We would also like to thank all the people who have participated in our training programmes for the opportunity they gave us to discuss our ideas and put our experience to the test.

Many thanks also to our fellow consultant Stephan Rey and to the design agency fenzl & conrad who provided the illustrations for this book.

Finally, a very special thank you to Johann Ortner for his valuable contributions to this book and his expert help in preparing the manuscript.

Roswita Königswieser, Martin Hillebrand
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1. “Chance” – A Systemic Consulting Project

Over the course of our careers as consultants, we have had the good fortune to get to know, work with and come to respect many different customers and projects. When looking for a suitable example of systemic consulting to use in this book, we focused on finding a project that the reader could easily identify with and understand. We felt that large-scale consulting projects dealing simultaneously with extreme situations, restructuring, development, cultural change, vision and strategy building would be too complex and too confusing to use as “case studies. However, while the interventions used in “simpler” consulting projects – such as team development projects – are easier to describe, they do not really offer sufficient depth of material and are, in any case, usually included in longer-term, more complex projects.

We finally opted for the following example: a change process spanning several years in an international group of companies. The group’s core business is industrial plant manufacturing, and it has over 20,000 employees worldwide, 40 percent of whom are German-speaking. The company had excellent technical know-how, good market access and strong order levels, but corporate earnings left something to be desired. Years of politically backed monopoly status had obscured both inconsistent management policies and an organisational structure that did little to support its business processes. There was no corporate vision. Employees were resigned to the situation, and the company’s market value was alarmingly low.

In addition to the hard facts, the company also had to contend with deep-seated problems of attitude and mindset. A situation of intense competition ruled between the different divisions. There was no feeling of unity, of being one company. Hierarchical structures dominated, autonomy was underdeveloped and decision-making was “political” and cumbersome. The company’s general expectations of us as consultants were based on previous experience with other consulting firms: we would either deliver a proposal for an expensive change project or claim that we could quickly untangle the “central problem”.

A minority group of influential players had brought us in and accepted our terms and conditions. In the first meeting, we immedi-

ately proposed three interventions: a system diagnosis, a core group to act as the driving force behind the change process and regular coaching for the management board.

No mention was made to the client at this stage of a "systemic approach". Indeed, our recommendation that the core group include not only people "in positions of power", but also those "affected by the situation" and those "with process know-how" was greeted with astonishment. But it was met, and the ten-person core team that was formed included not only the chairman of the board, the head of the works council and management representatives, but also "ordinary workers" from the different companies in the group. The aim was to create a corporate microcosm, a group that reflected the main factions found across the company. That was why it had to include "outsiders" – critical minds and young non-conformists – not just the people whose opinions had counted most in the past, e.g. the board, the division heads and the project managers.

Throughout the book, we will present this case study primarily from the core group's perspective, since the responsibility for defining the whole process lay in their hands. Their focus on their "shared task" and, above all, the team development exercises held at the start of and throughout the project helped create stability and cohesion in the core group.

In its first meeting, the core group decided to call the project "Chance", a name that worked well in several languages. The core group met once a month, and the discussions in these one and a half day workshops were often conflict-ridden and emotional. As coaches to this group, we prepared designs for these meetings in cooperation with our colleague, Uwe Cichy, and "moderated" or intervened as necessary. The seating arrangement at these workshops – a circle of inwardly facing chairs without tables – brought the first objection: "Is this esoteric set-up really necessary?". We began by working on open issues in sub-groups, using not just cognitive or conceptual methods, but also "analogue" methods (see note 10). For example, we asked them to draw pictures in response to the following questions: What state is the company in now? What would it look like in an ideal world? The results clearly symbolised the situation, depicting the company as a "fleet of individual ships in intermittent radio contact with each other" – bleak, without orientation and gray. The "vision" pictured the whole company on board a modern ocean liner – colorful, attractive

and energetic. An individual exercise designed to awaken positive images of the future had preceded the picture drawing exercise and contributed significantly to its effect.

Through its make-up, the group automatically incorporated the whole spectrum of possible perspectives ("principle of multiple perspectives") and relevant stakeholders into the process and expanded the horizons of perception of all group members.

Over time, the opinions voiced and stories told became more and more candid, and some members of the group found themselves shocked, touched and shaken by what they were hearing. For example, when a technician talked – hesitantly at first – about the way mistakes were covered up in projects and how it was impossible to introduce timely countermeasures, the response was unanimous: "If that's the way we act at the grassroots, something really has to be done."

Three core areas – soft issues – were prioritised and sub-projects set up to address them: the development of a corporate vision to serve as a guiding star and provide employees with a point of reference, measures to reduce bureaucracy and create a more efficient organisation, and internal communication. The kick-off meetings for each of these sub-projects featured both contextual and social issues.

As the project progressed, it soon became clear to all concerned that "management" was also a core issue. We began analyzing corporate management culture, for example by staging short sketches to illustrate what constituted "management today" and what should constitute "management tomorrow". The sketches not only made everyone laugh, but also triggered great concern: "We're good engineers, we have excellent professional technical and project management skills and procedures, but we aren't sensitive enough to human issues, leadership, relationships, motivation. We avoid conflicts and are afraid to talk about and learn from our mistakes. If we could change this situation, we would improve results dramatically. Our planning processes are too linear; we don't talk enough about poor development decisions or project deviations. This costs us a lot of money – we have to tackle these issues."

The use of such methods helped clarify a number of important issues. The vehement conflicts in the group regarding the change project's added value (everyone had their own picture here of who the winners and losers would be) were resolved, and the group was now ready for mutual feedback, open to our opinions and prepared to

accept our interventions. Our “reflecting team” played an extremely important role in these conflict-ridden situations. The concept of two outsiders sitting down in front of the group and having a respectful, “intimate” conversation about the people present and their latent issues seemed strange at first, but soon began to have the desired effect.

Analyzing the conflicts in the management team, core group and sub-project teams helped people look at things from a wider perspective: they no longer saw things simply as black and white, but also in shades of gray. People began to recognise that everyone involved plays their own part in a problem. They stopped seeing just people and individual problems and began to notice connections, relationships and structural causes. Initially, such dialogues and discussions were strongly influenced by group dynamics and hierarchical struggles for power and position. Derogatory remarks were the order of the day. No-one listened to what their colleagues were saying; they were too busy monopolizing the conversation with long, patience-testing speeches. Often, all we could do was intervene paradoxically and use experience-oriented methods to encourage reflection.

But things did not always go smoothly. When we staged a short role-playing exercise to present the results of the vision-building process from the perspective of the relevant stakeholders, the chairman of the board stormed out of the room saying, “I’ve had enough of these childish games!”. Everyone else remained transfixed with shock. However, slowly but surely, the reflection exercises in the core group began to have other positive effects: communication processes changed dramatically, and a great deal of energy was released into the change process. Several initiatives were launched, including the “Young Rebels” – a group founded to think laterally and speak their minds freely without restraint. They were set the task of devising a response to the following question: “If you were on the management board, what would you do to lead the company to success?”.

This group’s suggestions, including the introduction of joint marketing, improved business processes and consolidated human resources policies, were discussed vehemently. Some ideas were seen as very promising and, indeed, were taken up and implemented by the core group.

Although we and the two project leaders regularly encouraged the group to include profitability issues – economic indicators – in the

project goals, this fell on deaf ears. As the chairman of the board commented unexpectedly: “Changing the way we think and behave will automatically bring financial rewards.”. Gradually, people began to accept that “hard” and “soft” factors belong together – even in projects. The introduction of a balanced scorecard was the first indication of this turnaround.

Comprehensive project reviews using learning landscapes and charts depicting highs and lows were introduced as standard practice under the motto: “learning together, not allocating blame”. Before new projects were launched, stakeholder and power analyses – our standard procedure – were carried out to identify and provide a picture of the relevant stakeholders and inherent relationship and power structures. This directs attention to the building of hypotheses, opportunities and stumbling blocks. It also encourages a more careful and conscious approach: Who needs to be involved in the project? What should be our first step?

With the help of these simple tools, the importance of hypotheses became clearer, and people began to understand that there can be several different relevant points of view. As one project manager told us: “I’ve changed the way I think. Our technical project management with its checkboxes and rules is simply not enough. I always tried to compartmentalise things and troubleshoot before really getting to the bottom of the problem.”

One year into the project, we implemented a customised leadership programme focused on “learning on the job”. The principles behind this programme were ambitious: it should be cross border, cross functional and cross cultural. We developed the architecture and design of this one-year programme in collaboration with internal and external colleagues. It involved four learning groups (of 10–15 people each) meeting simultaneously at the same location on four occasions (for a three-day module) and also working outside these modules on projects designed to create sustainable change in the organisation. This programme seemed almost doomed to fail in the first module, when participants complained, “There are too many elements of self-organisation involved, it’s too interactive, we aren’t learning enough from the external experts.” The internal project manager for the leadership programme – a board member – remained unswerving, a pillar of strength in the face of this opposition. Without his strength, the doubts voiced by all the participants would certainly have led to the

programme being stopped. He embodied the opinion "Let's really try to change something. Let's start thinking about the good of the company instead of just protecting our own interests."

We coached the organizing committee for the manager conference, and they completely redesigned this annual meeting of over 500 international managers, turning it into an interactive, workshop-based, communication and experience-oriented event. Issues that "touched nerves" across the company were now discussed openly at this conference and looked at in a new light and with new insight. Customers and other stakeholders (e.g. the works council) were integrated in the programme and more attention paid to their opinions. This event now reflected the economic and emotional situation in the company as a whole. Every one of the managers saw themselves – this was apparent in the workshops – as part of the system and recognised the contribution they could make to improving the situation.

The company-wide planning process was also restructured, although not until after almost 18 months of consulting and coaching. The six divisional heads no longer felt responsible simply for their own divisions, but also for those of their colleagues. Feedback processes became the norm. "Getting involved in the affairs" of another division was no longer seen as a threat, but as a gesture of support and a willingness to share responsibility. Of course, there were also differences of opinion and "emotional conflicts", but these altercations had a positive effect: better quality in planning and thus more precise predictions, bringing greater credibility both internally and with the banks.

The members of the core group gradually stopped complaining that they didn't have enough time to meet so often. "I've learned that you need to slow down before you can speed up. Without these time-outs, we would never have got to the crux of our problems so quickly."

Again and again, we steered the core group to the limits of their hierarchical responsibilities, prior conceptions and experience. In the process, previously linear ways of thinking developed almost naturally into a new "networked" way of thinking, i.e. the acceptance of the need to include the overall context and processes in deliberations. Their ability to deal with uncertainty and complexity grew. The groups became the "hyper-experts in complexity management", providing the necessary backup to their individual members. Mental "development" was achieved through reflection and feedback processes. We never gave up asking questions addressed at the meta level. How do you

explain the use of these decision-making processes? Do you recognise any patterns? If so, what are they? Why do you think appropriate steps have not been taken? Where are the collective barriers? What is the good in the bad? What is your contribution?

The willingness to provide and accept feedback continued to grow – both at an individual and a corporate level. Inviting guests to core group meetings to discuss important issues in person became almost a matter of course: plant managers came to talk about error sources, customers to discuss requirements or voice criticism and suppliers to examine business relationships.

Similar invitations were extended to the regional large group events, to meetings between units and in the establishment of customer parliaments. We constructed the frame, but it was the core group that organised itself and the processes. Of course, one year down the line, everyone knew what was meant by "steering the context" or "self-organisation" – and it was at this stage that we provided verbal and written input on the corresponding theories and models. Regular project evaluations increased the willingness to continue with the development processes. We asked the various target groups to give us their opinions on the change process, reflected on its company-wide image and then decided what the subsequent activities should be. Only later did we give this procedure a name: "systemic process loop".

The principle of "learning and self-governance through reflection" became practical reality. In some divisions, regular team development meetings were held that began with everyone stating what "really touched a nerve with them." They were followed by joint hypothesis-building sessions, not to collect facts, but to create a shared image of the overall situation and establish relationships between people, departments, content and stakeholders. A new process-oriented way of perceiving things, processing information and thinking emerged. Providing mutual feedback and negotiating expectations became far more a matter of course.

Employee appraisals also became an established part of company life, and we developed recommendations for this process with the core group. People found it less difficult to recognise their own contributions. They realised the issue was not one of tools and techniques; it was a question of attitudes and mindsets.

We are aware we have dived almost headlong into the main activities of the core group in the above description of the "Chance"

project and we did so with good reason: time and again we find ourselves fascinated by the results that can be achieved using relatively unspectacular means and methods. But we would now like to return to the start.

We firmly believe that the system diagnosis at the start of a project lays the foundations for a "new way of thinking" and would therefore like to take a closer look at this fundamental initial step using the "Chance" project as an example.

To create for ourselves an overall picture of the whole company, we (the external consultants) had to assimilate not only the hard facts but also the corporate culture, i.e. the way people think, make decisions and act in the company. In other words, the way the company "breathes". We carried out 30 two-hour group interviews – with eight people to a group – across the company. The members of the core group suggested that they should also conduct interviews in order to obtain their own impressions of the situation at the company's key international sites. We agreed to this somewhat unusual request.

The core group members received a crash course in interview techniques, accompanied us to the interviews and subsequently helped us to interpret the results using the "sequence analysis method" (cf. Froschauer and Lueger 2003). We began by analyzing the manifest results, then searched for the information "between the lines", construed the latent issues and interpreted the subtle signals. Where did people face problems? What subjects were taboo? How did the group members interact during the interviews? How did they treat us? What conclusions could be drawn about the latent patterns and cultural elements of the system?

Although the method met with some initial criticism ("it's like trying to read tea leaves"), a new sensitivity for the finer tones, undertones, hidden meaning and symbolism in what had been communicated developed during the interpretation process as the core group became more sensitive to such issues. The images that were revealed became more sophisticated and complex, yet sometimes also more oppressive. Discussing these images created and reinforced awareness, relieved pressure, motivated the group and generated learning processes, thereby creating a new reality.

The core group gradually stopped making linear assumptions ("management is to blame"). They recognised not only that "it takes two to tango", but also that "everyone has to assume responsibility for

their own situation and not see themselves simply as victims of circumstance.” They learned not to reject differences, but to see variety as “the spice of life.” They accepted that one-sided solutions are pointless and almost always spell disaster. “Simply doing more of the same would be like wasting time on a lost cause. We have to learn to adopt a new perhaps more relaxed and involved attitude to our tasks and problems.”

The expectations encountered in these interviews ignited such pressure for action in the core group that these visits became an annual event in the organisational development process. Even top management seized upon them as an ideal source of feedback. They became known as “mission road shows” and were used as forums for discussing those issues that “affected” people most. As time went on, this process helped increase trust in top management across the entire company.

Summary

One central effect of this process was the news that corporate earnings had improved. The company’s market value increased, and optimism about the future grew. The “emotional turnaround” had been achieved: “This company is once again a fun, satisfying place to work.” The learning process is still ongoing, but has now become a permanent development process “managed” by the staff themselves. We only provide support in a supervisory capacity.

Consulting projects of this kind are always great adventures, since there is always a risk that they might ultimately fail. It takes a great deal of energy on our part to assume a different role to the one expected of us. We don’t provide the solutions. Instead, it’s the employees who are the experts. As process experts, we do not simply serve up the longed-for recipes for success, we instead guide the system towards its goals using carefully chosen interventions to activate new processes of awareness. In addition to the satisfying and positive aspects of this work, it also brings to light the dark side of systems and people. This awakens fears, painful emotions, conflicts and ambivalences – all of which need to be addressed and dealt with.

The following description by the chairman of the board presents a very graphic image of how adventurous an organisational development journey can be for clients:

“I initially took a very rational approach to this project. All the other change programmes we had tried with conventional consultants had lead nowhere. When I heard about this approach, I thought: “Oh well, if there is nothing else for it, let’s give it a try.” I had no idea where we were going. The territory we now find ourselves in was completely new to us. We were guided here gently by Königswieser & Network. I felt a bit like Christopher Columbus. He set sail for the Old World, for the familiar shores of the West Indies, and landed instead in unfamiliar America to discover the New World. This journey into new, uncharted territory was – and is – a real adventure. If I had known back then what we were letting ourselves in for, I would not have had the courage to set sail on this course in the first place. But with what I know now, I can say one thing with certainty: “We should have started out on this journey sooner.” We now know so much more about ourselves and our real problems. Before embarking on this kind of change process, we were like a ship that continually ran aground in shallow waters on the rocks we had not seen ahead. Like icebergs, all we saw were those parts above the water. Now we have developed a radar system of our own and can move forward, full steam ahead. It will be very interesting to see where we go from here.”

When we look back at this case study from the professional meta level, we see that a range of different interventions were used. We also clearly see how interwoven these interventions are at the architecture, design and tools levels, and how difficult and time-consuming the process of stimulating complex systems can be.

In the following chapters, we will take a more detailed look at the “Chance” project, our methods and the interventions described above.

2. What is Systemic Consulting?

To introduce the reader to systemic consulting, we have deliberately chosen to use a concrete example of our own consulting activities to best demonstrate where the intricacies of this approach lie.

Our aim with this introduction is to present our approach and ideas in a practical, demonstrative and comprehensible manner. Nevertheless, or perhaps even for this reason, the terms used have to be carefully selected and clearly defined to make complicated issues easier to *understand* while at the same time avoiding simplification. Einstein once said, “Everything should be made as simple as possible, but not simpler than it is.” We have tried to do justice to this message.

Thoughts that have been put down on paper like this text are made up of sentences, words and recurring key terms. Terms represent basic trains of thought; they are theory in condensed form. That is why we have chosen to begin with a discussion of the key terms “systemic” and “consulting”. These are closely linked to two other terms, “organisation” and “development”. Our understanding of these four terms, the connections between them and what they can be used to explain, builds on a long tradition of attempts to describe and understand the phenomena that are peculiar to “organisms” and which differentiate them from trivial machines.

We will then take a look at the origins and roots of the systemic approach and the resultant understanding of organisations.

2.1 The Systemic View – Definitions

By *consulting* we mean quite generally that a person, group, organisation or company receives advice from someone else to do (or not do) one thing or the other. People generally ask for “advice” when they are uncertain of how to proceed in a particular situation, and it is in such situations of uncertainty and its accompanying insecurity that they usually seek the advice of consultants.

The advice of an expert can help to directly resolve a problematic³ situation if the advisor either already knows the solution to the problem or can help those seeking advice to find the right solution. This is known as “helping people to help themselves” and is aptly reflected in