Beyond Implementation
Co-creation in Change and Development

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One of the great problems facing company managements is the need to strike a balance between opposing perspectives. Oppositions such as centralized vs decentralized, global vs local, own core competencies vs networking: all of these demand context-specific judgements. There is a growing need for cooperation on all fronts between the different elements within the organization, as well as between different organizations, with each being expected to contribute added value. The ability to respond to customer requirements demands flexibility and cooperation at the boundaries of organizational units. This, in turn, means giving front-line entrepreneurs the scope to take decisions and be decisive (Ghoshal & Bartlett, 1997). The amount of variety and unpredictability that has to be managed is increasing.

Having the competence to deal with this variety at a decentralized level is crucial for the viability of the organization. 'Competence' is understood here as competence in the right context: the ability to convert insights and skills into actions in a specific context. Individual knowledge, skills, and attitudes must be supplemented by the competence to make variety manageable in consort with others: *collective competence*. Collective competence can be defined as the ability to deal with mutual differences on the basis of action and the ability to reflect on and learn from that action in a collective context. Competent employees are needed for this, but are not enough on their own. The key point is whether they are able to create solutions together at the interface with the customer. The viability of organizations increasingly depends on the collective competence of employees to take decisions in their own local context which are in line with the direction being pursued by the organization. This requires commitment, flexibility, and creativity. Collective competence is difficult to copy and cannot be bought.

These developments put the traditional methods of organization and change under pressure. This chapter uses the term *positional* organization to describe the traditional thinking on this issue. The first section discusses the premises on which this thinking is based as well as its ambivalence. It offers scope to broaden the organizational perspective: organizing in order to realize transactions. We describe this *transactional* organization method as an interweaving of three constituent processes: activities, relationships, and meanings. Then we look at change strategies and discuss the intensity of a change from positional to transactional organization. The third section explores the strategy of co-creation of change which ensues from the principles of transactional organization. The Method for Collective Learning (MCL) is a tool of the co-creation strategy. The construction and intervention rules of the method are illustrated. The chapter concludes with a discussion of a number of themes associated with co-creative change.

ORGANIZATION: FROM POSITIONS TO ACTIVITIES

POSITIONAL ORGANIZATION: FOCUS ON POSITIONS

Traditional doctrine on organization and change places great reliance on rationality and external control by managers. Staff departments support managers in the standardization of work processes, employee starting levels, the internal norms, and the criteria for judging people by results (Mintzberg, 1979, 1989). The organization process is geared towards *reducing variety*. The organization is seen as a closed system, an entity which is separate from its environment and those connected with it (Hosking & Morley, 1991). Efforts are directed towards avoiding disruptions by perfecting the design and tightening up and refining procedures and systems. This kind of organization leads to a hierarchical ranking of people based on the degree to which they have an overview of and insight into the organization, and this, in turn, determines the differences in responsibilities and powers. Those who know a lot are at the top of the pyramid, those who know little at the bottom. This focus on ranking people is the reason for the use of the term *positional organization*.

Positional organization leads to a strong internal focus and a commitment to stability. Morgan (1986) compares these organizations to a machine, with the dedicated and loyal employees as its cogs. Employees are seen as the causers of complexity and are given few, if any, opportunities to act on their own initiative in unforeseen circumstances. The presumption is that, because of the knowledge they have built up, people in more senior positions are better able to decide how the variety in the organization's operational units should be accommodated. Not without some irony, Cherns summarizes the assumptions about employees as follows:

> People are unpredictable. If they are not stopped by the system design, they will screw things up. It would be best to eliminate them completely; but since this is not possible, we must anticipate all the eventualities and then program them into machines. (1993: 314)

These organizations are didactic because of the way that subordinate employees are approached by superior managers (Swieringa & Wierdsma, 1992).

The heart of the positional organization model is the external control and programmability of behaviour. External control means that reality has to be made transparent through the development of a representative model which reflects the regularity of reality. Seen from this perspective, the viability of systems depends on:

- staff departments which generate sufficient knowledge of regularity to be able to achieve standardization;
- managers who are able to convert this regularity into concrete measures on the basis of their overview and insight;
- employees who implement these measures in a loyal and disciplined way.

Positional organization assumes that there is a consensus on the aims of the organization. The organizational culture is seen as a binding force, in which the emphasis is on shared views, values, and objectives. Organization and change are regarded as two different processes. Organization is the process by which stability is achieved, while change is directed towards abandoning the familiar and achieving a desired new stability. Change management is seen as an implementation process for a new design. This is illustrated later by using the metaphor of the 'package holiday'.

What are the basic principles on which positional organization builds? And do these principles form a cohesive and consistent whole? Do they offer opportunities for developing a different organizational perspective?

ASSUMPTIONS UNDERLYING POSITIONAL ORGANIZATION

The positional organization perspective puts a great deal of reliance on the 'ends and means' rationale, linear causality, and the ability to control behaviour externally. Great faith is put in the rational opinion of experts who have an insight into and overview of the entity to be managed. Toulmin (1990) states that this faith in rationality marks the transition from premodern to modern society. This belief in rationality and progress is sometimes regarded as the enlightened form of thinking and is one of the bastions of modernism. Modernism itself is a complex of views which have come to be taken for granted over time and on which many insights from day-to-day practice are based.

CONTEXT-FREE KNOWLEDGE: REGULARITY

The roots of modernism lie in the idea of two worlds existing independently of each other: the objective, physical world and the world of the subjective human spirit. There is a reality to be discovered whose meaning does not depend on the observer: a truth *outside* the human being. Modernism encourages the formation of theories based on observation of facts. Observations and measurements are used to unravel facts and their mutual interrelationships, giving rise to a knowledge of regularity. This knowledge is of high quality if it is predictable, explicable, reliable, and intersubjective. The consequence of this approach is that the influence and value of the context are denied. From this perspective, knowledge gleaned from one context can be applied in another context. Ideal knowledge is independent of the social context, the time, or the observer, and can be tested against reality. It is true and valid regardless of the context: context-free regularity.

Modernism builds not only on Enlightenment thinking, but also on Romanticism (Taylor, 1985, 1991). The principles of these two cornerstones of modernism are, however, each other's opposites: they are two sides of the same coin. Enlightenment theory is founded above all on regularity, the general, the universal, and the context-free, the truth outside humankind. It is assumed that there is a natural order and that this is the norm for normality. Any deviation from that natural order is therefore abnormal. The natural order is structured hierarchically; this implies the primacy of the community, to which the individual must adapt. The 'particular' must be subordinated to the 'general'. Attention in Romanticism, by contrast, focuses on the particular, the unique, the contextual. Self-actualization, creativity, and spontaneity are not just important, but are seen as the ultimate goal of human development. Individuals use their originality, the uniqueness which sets them each apart from others. In the quest for fulfilment, individuals are asked to go in search of their own core. The emphasis in Romanticism thus lies primarily on the individual. Rather than adapting to an existing order, the challenge is for individuals to create their own opportunities. This represents a shift from adaptation and external control to creation and communicative control by individuals themselves (Cornelis, 1997).

CREATION OF MEANING: THE PARTICULAR

Organizational theory builds, on the one hand, on the Enlightenment aspects of modernism. Checkland (1981; Checkland & Scholes, 1999) states that the Enlightenment theory applied to natural and designed systems has led to great prosperity, but when applied to social systems, it has set us on the wrong track, especially where variety increases and the future becomes less predictable. In social systems there is no meaning waiting to be discovered outside humankind; people create meaning in interaction with each other (Berger & Luckmann, 1966). Social constructionism is driven by the principle that stakeholders create meaning. Meaning is seen as the result of a process of mutual coordination. Sensory reality is meaningless until it is given meaning by human beings. Meaning is the result of coordination between stakeholders in their drive to attribute symbolic value to realities outside them (Rijsman, 1997). The stakeholders build a meaningful reality in language in interaction

with each other. The meaning of an observed object therefore does not lie in the object itself, but is given substance through language and human interaction. Knowledge is thus embedded in a social context and a community.

Language and knowledge are not really subjective in the sense of specific to the individual, nor are they objective in the sense of independent of human beings. Rather, knowledge and language are *interactive*: meaning arises in language as a result of the coordination between those involved in according meaning. Language acquires meaning in the interaction process between people. This can be compared to the ritual dance in the animal kingdom, where moves made by one animal lead to movements in response by the other.

Social constructionism results in a shift in emphasis from individual to social, and from mental representation to interaction-based meaning. It is a shift from discovering the truth outside humankind to the process of meaning creation between human beings. It thus fits in with the objections to applying subject–object thinking and the separation of thought and action propounded in the Enlightenment theory.

The modern labour organization, with its professional 'knowledge workers', increasingly draws on employee qualities such as creativity and originality, in line with the idea of respect for the particular. Employee commitment and entrepreneurship are becoming increasingly important. In the (professional) services industry in particular, employees want their voice to be heard and want to make their commitment dependent on the degree to which they are treated as partners in the organization in the process of meaning creation. Organizing on the basis of commitment and decentralized decision-making by employees in contacts with clients—the 'entrepreneurial frontliners'—mean that there must be greater scope for the plurality of people and the diversity of views within organizations.

TRANSACTIONAL ORGANIZATION: FOCUS ON TRANSACTIONS

In order to accommodate the increasing unpredictability and complexity, organizations are reappraising their structures and their views on the organization process. Departments now have to demonstrate their added value in mutual transactions on the basis of services delivered.

Transactional organization is regarded as the organization of activities for the purpose of effecting transactions in the chain of value addition. The organization of the working process is the main focus. This working process is understood to be the whole body of processes in which activities are performed, aimed at the actual creation of goods and services: external transactions, in other words. It is therefore these operational units which form the core of the organization (Beer, 1979). In order to be viable, the organization must be capable of responding to the differing demands and requirements of customers and other stakeholders with regard to products, services, and information. These stakeholders generate a great diversity of questions for organizations: external variety. This increasing external variety can only be accommodated by organizations by permitting or creating internal variety in those organizations. This is Ashby's law: 'only variety beats variety' (Beer, 1979).

The ability to make this variety manageable can be termed variety management. Variety is a measure of the complexity of a system and indicates the number of states the system can assume (Beer, 1981). The entire body of questions and problems and the complexity with which organizations are confronted are defined here using the term external variety. In order to deal with this variety, staff are given more opportunities to take decisions in their own specific circumstances. The growing input of staff to decentralized decision-making leads to a growing diversity of views, insights, and behavioural options: internal variety. A concept such as span of control then increasingly gives way to notions such as span of relations or span of support (Hoebeke, 1993).

ORGANIZATION: AN INTERWEAVING OF THREE PROCESSES

In this approach, organization is seen as a weaving together of three processes: the performance of activities, the maintaining of relationships, and the creation of meanings. In maintaining the mutual

dependences in their activities, people create a network of mutual relationships. This gives rise to meanings which are shared to a greater or lesser degree and to which those concerned refer in coordinating their activities. The meanings they develop in this way are highly context-specific.

An organization functions as a dynamic network of people connected by a network of mutually dependent activities and shared meanings. Through their actions, they generate not only the products and services, but also the organization. An organization is the context for and product of an organizational process. Transactional organization assumes processes and structures which foster both stability and dynamism. These two concepts are not mutually exclusive, but assume the presence of each other and give each other meaning.

A transactional organization process is viable if it is meaningful for both internal and external stakeholders. An organization derives its meaning for external stakeholders from the degree to which they value its products and services. Internal stakeholders expect the organization process to contribute to their own development. Transactional organization is regarded as a process in which activities, relationships, and meanings are developed, maintained, and changed in order to realize added value in products and services for external stakeholders and in order to be meaningful for the internal stakeholders.

ORGANIZATION: AN INTERWEAVING OF ACTIVITIES

Activities are performed within the organization in order to facilitate successful transactions with external stakeholders. Where is the boundary between internal and external? System theory offers a language for analysing an organization as a body of activities within a larger series of activities; each definition of an organization can be regarded as a definition or 'cut-out' extract by an observer from a chain of activities. The activities in a business column, from raw materials supplier via goods supplier and manufacturer to client or user, form a series from which the observer makes his selection (Beer, 1979; Hoebeke, 1993). A system definition is a choice; in making that choice, a boundary is drawn and a previously undefined space is divided into a system and an environment (Herbst, 1976; Van Dongen, 1991).

An essential element in any discussion about the effectiveness of working processes is that the stakeholders should be in agreement about the definition of the system. A system definition forms part of the descriptive domain of the observer; it can be regarded as a model which facilitates human actions in the world. It thus forms part of the conceptual world, not of the real world, and one and the same reality can therefore admit several descriptions. The ability to act does not depend on representative models of reality, but on models which facilitate action *within* reality. People can lose sight of the optional nature of definitions and regard the constructed model as a representation of reality and as a given: a reification. This is reflected in statements such as: 'That isn't realistic' and 'That's just the way things are'. Within the organization as a defined system, yet other distinctions can be made. The organization is then the environment for these newly identified constituent systems. It is also a subsystem of the greater system, for example, a sector of industry. This embedding of constituent parts in bigger wholes is described using the term *recursivity* (Beer, 1979). This enables parts and wholes to be separated and their relationships with each other to be laid bare.

ORGANIZATION: AN INTERWEAVING OF RELATIONSHIPS

People within an organization are connected by the activities they perform and are thus mutually dependent. The pyramid as a symbol of the organization is therefore a misleading image of the reality in organizations because it offers no insight into the relationships between the activities to be performed. The image which comes closer to representing the complex fabric of people and activities is the network. The people in the organization are the nodes, while the interconnections symbolize their mutual relationships. People will use their own powers and resources to pursue their own goals. The

interaction gives rise to 'rules' between the 'players': 'rules and conventions by which sets of inter-locked behaviors are assembled to form social processes' (Weick, 1979: 47). This creates a degree of stability in mutual relationships. The rules reduce the uncertainty which results from other people's freedom, and thus releases energy for activity directed towards the creation of products and services.

People interact with each other mutually and simultaneously. The dynamic is undefined in the sense that none of the stakeholders can define its course unilaterally. Where people work together for some time, a pattern of interaction often develops between them. If an observer observes patterns in the way in which stakeholders accommodate the mutual interactions, this can be regarded as a pattern or 'structural coupling' (Maturana & Varela, 1980). The process is the seedbed for the interaction of which it is also the product. Rules or patterns in interaction do not determine the activity; people can always decide to ignore the rules, do something new or decide not to play. Arendt (1958) uses the term 'natality': the human capacity to do something new.

ORGANIZATION: AN INTERWEAVING OF MEANINGS

Organization is a process in which people arrive at a definition of reality. People link these reality definitions; linked meanings condition the interaction process and are also the result of it. A meaning can undergo reification, creating the risk of losing the notion that meaning is the result of an interaction process. Meanings arise in language. However, people are limited in their ability to create meanings because words also derive their meaning from the fact that they are embedded in existing series of communications (Luhmann, 1990). The receiver of the message draws on an arsenal of concepts and texts which have a certain general level of acceptance. Communication is tied to a shared context. The interweaving of meanings overarches this and develops quite autonomously of the people who are communicating. Individuals cannot change the language independently; they can, however, help others to look at reality differently through verbal renewal (Van Twist, 1994).

ACTING TO ACHIEVE TRANSACTIONS

Organization is a process directed towards creating added value for the ultimate transaction with the customer. In order to create products and services, many transactions are realized within the organization between departments in the primary process and support departments. Which characteristics of external transactions can the organization process take as a model? I would identify seven characteristics:

1. Transactions are the result of actions.
2. Transactions demand interaction around the boundary.
3. Transactions are the result of co-creation.
4. The receiver determines the value of a transaction.
5. Transactions are time-specific.
6. An insight into the process is necessary to improve the quality of transactions.
7. Transactions result in relationship-specific knowledge.

These characteristics can be used to sketch an outline of transactional organization. Transactional organization requires a focus on action and a continuous alternation of thinking and doing. Seen from the transactional organization perspective, the boundary acquires the function of a connection. The boundary can be seen as a membrane where interaction takes place between the members of the organization and the organization and its environment. The result and the way in which transactions are effected influence each other and are in this sense the results of a process of co-creation. In transactional organization the receiving partner is the one who must value the transaction. The appreciation of products and services arises in the receiver, usually the client. Appreciation cannot be imposed. Feedback processes and the quality of relationships are therefore crucial for viability.

Temporary Workable Agreement (TWA)

Positional organization is based on the idea of subject–object separation and a knowable world. Everyone is pulling in the same direction; consensus is thought to be very important. This orientation carries the risk of reification and can mean that it is necessary to function for a long period in the straitjacket of the fixed allocation of meaning. Van Dongen (1996) uses the term 'continuity of consensus'. The stronger the focus on truth in an organization, the more time and energy employees will devote to achieving this consensus. Study and thinking are crucial; diagnosis is separate from action, and thought precedes action. As a result, action is postponed.

Transactional organization is aimed at coordinated action while retaining differences. It challenges the stakeholders to make an active contribution to the construction and deconstruction of the mutual agreements as a function of action. This requires a focus on TWA rather than on the truth. Temporary rather than lasting, universal truths. Workable because of the focus on the desire to make action possible in a concrete context. Agreement rather than value or principle in order to indicate that the point of departure is the uniqueness of the stakeholders and the specific circumstances of the context. The focus on transactions, on action, means that the agreement is lifted from the arena of truth and the 'continuity of differences' becomes crucial (Van Dongen et al., 1996). The question of relevance predominates: 'To what extent does any definition of reality prompt action?' Mills (1967) states that the willingness of stakeholders to act on the basis of a agreement increases if the agreement is temporary and if rules have been agreed which make it possible to rescind the agreement. This is a focus on the continuity of difference. The key is the willingness to recognize existing differences, variety, and to make them manageable for the sake of the envisaged transactions.

Recursivity

Only a proportion of the activities carried out by people in organizations are directly related to achieving transactions with clients. Activities take place in the primary work process which result in the production of goods and services. These activities take place within the context of the rules on things such as how people within the organization work together. These rules are the result of an interaction process at an earlier moment; they coordinate the activities for the primary process. The processes of cooperation and creation of rules to make that cooperation possible are organized recursively. The cooperation rules form the bedding for the activities geared to production and service delivery. Structures and systems can be seen as 'solidified' agreements. In order to remain viable, an organization must have the competence to make—and change—these agreements.

People wishing to take part are expected to act within the framework of the implicit and explicit rules. Voogt (1990) uses the twin concepts game and play. When people play within the rules, in an ordered way, this is described as the 'game'. 'Play' involves the development of the rules for a game to be played: 'regulatory' play. The aim of play is to develop a new game. Stakeholders may conform to the game or choose to question the rules. Game and play alternate with each other. Play requires communication about the way in which mutual communication and cooperation connects stakeholders at the recursion level of the whole. People can work independently of each other, as single units, within the rules. If they wish to review these rules they have to cooperate at the level of the whole which incorporates the individual stakeholders. The level of the whole is at a higher level of recursion than the parts (see Figure 11.1).

Rules are developed in a specific context. When circumstances change, people are initially inclined to intensify the existing successful way of working. This results in a strategy of 'more of the same' (Watzlawick et al., 1970). If this proves ineffective, the stakeholders must go in search of new rules: the other. In a round of play, the solidified rules are deconstructed and then reconstructed to create new rules.
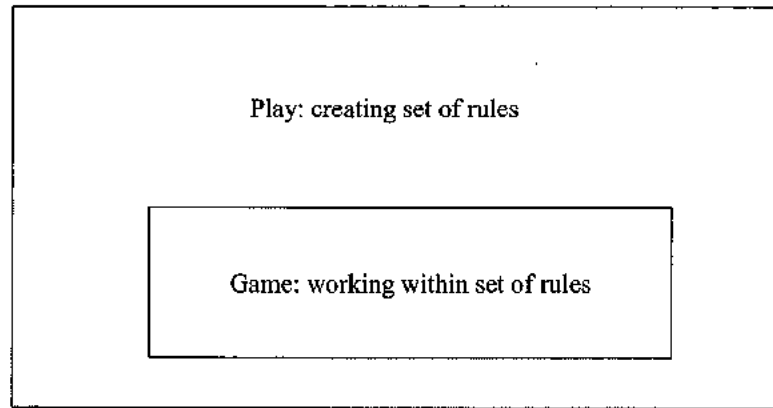
FIGURE 11.1   Recursivity, play and game

In a situation where there is a power differential, participation in play is impossible. This exclusion means that the less powerful stakeholders become part of a game which is shaped by the more powerful. The less powerful stakeholders lose the ability to express their own identity in the shaping of the rules. As a result, the system loses meaning for them.

Transactional organization assumes that people who are active at the level of the constituent parts have access to this dialogue at the level of the whole, where the agreements on the defined degrees of freedom are made. In addition to access, the quality of the dialogue is also important for people's willingness to contribute their views. If people begin censoring themselves in the expression of their views, dialogues at the recursion level of the whole do not fully reflect the existing variety. This has two consequences. On the one hand, there is the reduction in internal variety, possibly having an impact on the capacity to accommodate external variety. On the other, the possibility arises that stakeholders will be less able to recognize their own identity in the identity of the system. This reduces the meaningfulness of the system for them. Both developments impair the viability of the system.

CHANGE CHANGES: FROM IMPLEMENTATION TO CO-CREATION

First, we shall look at process of change in which the implementation process is the central focus. The metaphor for this is the package tour—where everything is taken care of. Changes of this type fit in with the perspective of positional organization and the assumptions underlying it. We will then examine the intensity of change. The development of transactional organization is described as a change in which the assumptions of positional organization are questioned. Change at this level of intensity requires a process of collective learning in which existing patterns of thought and action are questioned. This means change as a process of collective learning and co-creation. The metaphor for this is the trek.

CHANGE AS AN IMPLEMENTATION PROCESS; THE 'PACKAGE TOUR'

If change is perceived as an implementation process, the essence is the diagnosis, the correct phased plan, and care in implementation. In the diagnosis phase, an analysis is made of the best imaginable solution for a given problem. This solution is then communicated and offered for implementation to those whose position or work is affected by it. The process is often as follows. First, a steering group plus a number of working groups, supported by an authoritative consultancy, design a blueprint for the envisaged new organization: the new strategy, structure, culture, and systems. Usually this blueprint is accompanied by a staffing plan which states how many jobs will be lost due to the reorganization

(reorganization is often confused with rationalization). The blueprint is submitted for a decision to the senior managers in the organization. If they agree to the blueprint, the phased massage of the management layers begins, followed by the lower echelons. The most common reaction is to ask for more clarity, and in this phase the blueprint is therefore often fine-tuned and refined. This is followed by the 'musical chairs' phase: the restaffing of the management posts. Finally, implementation of the blueprint follows. The implementation is complete once everyone who is to stay has been reassigned, given a new job definition with associated powers, and knows to whom he or she should report. If any attention is paid to behavioural change, it takes the form of training programmes in which individual organization members learn the desired new competences. The tacit assumption is that they will then be capable of remaining 'in the groove' of the tacit collective behavioural patterns. In practice, in spite of individual intentions, people tend to fall back to the old ways of dealing with each other. This then prompts a further reorganization.

The implementation strategies are based on the assumptions of modernism: there is a meaningful reality which exists independently of the observer. This allows the observer to make a diagnosis of the situation. Based on a representative model of this situation, proposals can then be drawn up for change. Change then means implementing proposals. In a stable situation this model is able to function because reality does not change during the different phases of diagnosis, model development, and change initiatives. Where circumstances are changing, however, this approach leads to the continuous revision of plans and the postponement of action. By the time the plans have been completed, the situation has changed so much that the proposals are out of date. Stickland (1998) refers to the 'eternally failing change management machine'. This approach has no effect on the way in which people work together.

After the diagnosis phase, the implementation phase is concerned with the realization of changes in the structure or systems. The key focus of attention is on overcoming the resistance to change. In order to reduce this resistance, representatives of stakeholders may be brought in during the planning and diagnosis phase. Nevertheless, the fact remains that a relatively small group of people change the circumstances of many people; most of those involved in the change undergo it. The metaphor for this process is the 'package tour'. The change process follows a predetermined route and excursions are made which are selected by the 'tour management'. The tour management—the diagnosis team— encourages the travelling party to follow the planned activities so that the journey will be successful. Discussion about the desirability of chosen routes and excursions is interpreted as resistance.

This dominant form of change is marked by two paradoxes. First, the approach generates resistance for which it itself presumes to be the solution. Paradoxically, it is resistance which legitimizes the chosen approach. In order to make resistance manageable a structure is offered, uncertainties removed, optimum information provision ensured, and the change supported by the necessary communication and training programmes. This requires a careful diagnosis and a detailed phased plan for the realization of the envisaged goals.

The second paradox is that the structure, the strategy, or the systems are generally chosen as the starting point for the change process. However, these elements of the reality of the organization are precisely the stabilizing elements. Changing these creates additional uncertainty. Every change is ultimately directed towards the realization of a behavioural change which will enable the envisaged goals to be achieved more effectively. Implicitly, this behavioural change can only be achieved via changes in the structure or system. Every day people shape their actions on the basis of their interpretation of rules, structures, and systems. Change as implementation ignores this capacity of people within a specific context to gear their own behaviour towards the envisaged goals and to use the degrees of freedom they are permitted. With change as implementation, the process of behavioural change receives little attention because of the attention given to implementing the new structures and systems. The hope is that the structures and systems will be able to bring about the desired behavioural change. The scope for people themselves to change their behaviour within existing structures on the basis of shared insights is ignored.

THE INTENSITY OF CHANGE

Customers are not interested in the structures or systems of organizations; they value the quality of products and services and the way these are realized: customer-friendly behaviour, a focus on service, and problem-solving ability on the part of employees in the organization. Organizing for transactions demands new conduct by employees in their dealings with each other and with the customer. Change processes are about engendering different behaviour; systems and structures can facilitate or hinder this. A change in behaviour requires learning processes by individual employees as well as imposing demands on the collective competence of employees to learn while acting *together*.

THREE LEVELS OF CHANGE

Swieringa and Wierdsma (1992) identify three levels of change: at the level of rules, insights, and principles. These different change processes are linked to corresponding learning processes. The differences between rules, insights, and principles will be discussed first below, following which we will look at specific features of the learning processes that are needed in order to change them.

Rules, insights, and principles can be regarded as cognitive maps which people use in their actions: 'participants edit their own organizational experience into pattern of personal knowledge. A representation of that knowledge is called a *cognitive map*. A cognitive map consists of the concepts and the relations a participant uses to understand organizational situations' (Weick & Browning, 1986: 106). They are constructs for interpreting events. People use cognitive maps to recognize and create patterns with which they make variety manageable. The maps differ in the degree to which they are 'shared'. The quotation marks around 'shared' indicate that participants all accord meaning to events from their own perspective; these meanings are thus not the same for each individual. There is, however, enough overlap to make it possible to communicate about the images.

Rules in organizations indicate explicitly or implicitly how the members of the organization should behave. Often the explicit rules are laid down in job descriptions, as instructions. Norms can be regarded as implicit rules. Rules partly derive from operationalized insights on organizing, managing, and changing. The insight 'unity of management', for example, produces the rule that communication by an employee with his supervisor's superior, without the knowledge of the supervisor, is undesirable. Rules answer the 'how' questions in an organization; they indicate the bandwidth of action: what must and may be done in the organization. Underlying these rules are more or less shared insights. Insights are views about organizing, managing, and changing. Insights lie behind the rules, answering the 'why' questions. The function of insights is to explain and understand existing rules or to develop new rules. Insights are more far-reaching than rules in the sense that their scope is greater and that changing them has more far-reaching consequences. Principles are the 'natural' insights: insights which are not open to question because they speak for themselves. Principles define the identity of an organization: what an organization is or wants to be. Rules, insights, principles, and actions all impact on each other. This interrelationship is shown in Figure 11.2.

Learning processes focusing on rules, insights, and principles differ in their complexity and scope. It is assumed that the learning and relinquishing of principles have a bigger impact than the learning and relinquishing of rules: when a rule is changed, the underlying insights and principles remain unchanged. Figure 11.3 shows the relationships between the intensity of the learning processes, the domain in which learning is taking place, and the result.

THE INTERTWINING OF RELATIONSHIPS AND MEANINGS

Transactional organization has been described as a dynamic mix of activities, relationships, and meanings. Changes in the activity system has consequences for the balance of the relational and meaning system. Changes in activities can have consequences for the relative strength of the positions of
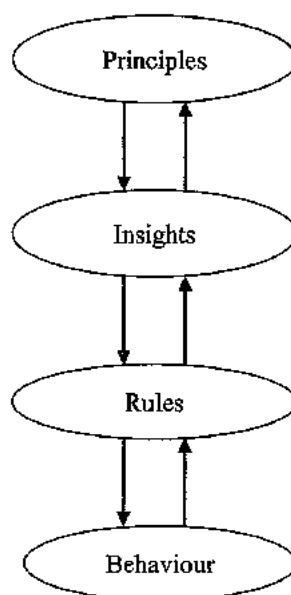
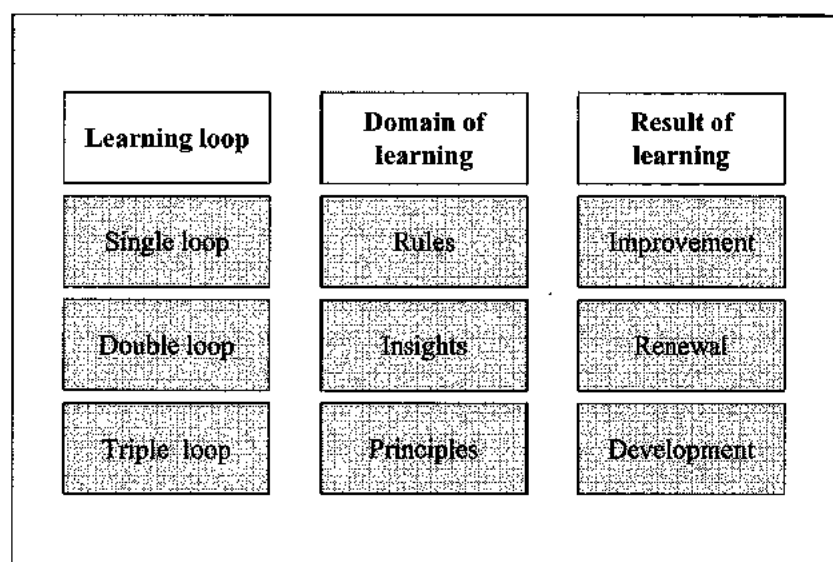**FIGURE 11.2** Rules, insights, principles and behaviour

FIGURE 11.3 Single, double, and triple loop learning

stakeholders. Changing balances in the relationship system influence the access to and impact on the meaning system. Organization as a process thus implies continuous changes in the interrelationship between activities, relationships, and meanings. The traditional distinction between change and organization disappears: organization means change and change initiates new organization processes.

ACCESS TO DIALOGUES: CODIFICATION AND DIFFUSION

Access to the communication process and the method of communication differs depending on whether the learning process is focused on rules, insights, or principles. At the level of principles, the learning processes are more implicit. Access to these dialogues is reserved for the 'insiders' and barred from 'outsiders'. The meaning of a communicative message is largely determined by the shared views, values, and history of those involved in the communication process. The more familiar the context, the less the message needs to be codified. Codification refers to the degree to which the message
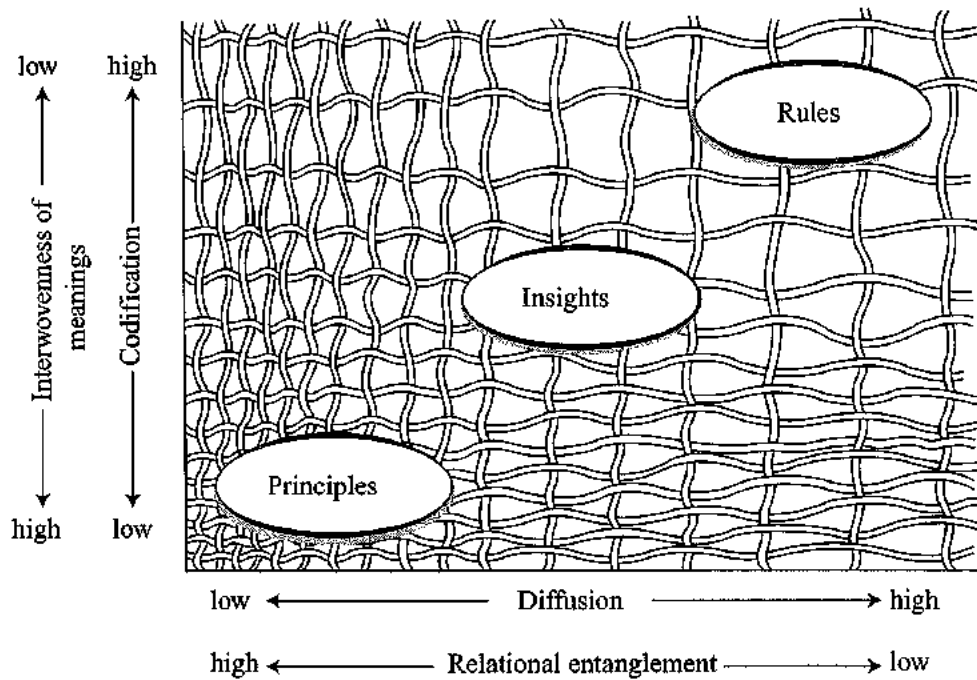
FIGURE 11.4 Interwovenness of relations and meanings. From Wierdsma, A.F.M. (1999) *Co-creatie van verandering.* Delft: Eburon

to be transmitted is made explicit. Principles are less codified than insights or rules. Principles are understood by stakeholders who share a history and context. It is the familiarity with each other and with the context that makes it possible to leave things implicit. The communication is therefore context-specific (Hall, 1969). Compared with insights and principles, rules are the most uniform and have the highest degree of codification. As the codification increases, the importance of a knowledge of the context declines. This makes it easier to disseminate the message. Diffusion indicates how easily and how extensively messages can be spread among people from different contexts. Not all stakeholders in an organization have an equal influence on the process of meaning creation. The degree of access to this process declines as the dialogue shifts from rules via insights to principles. Access to the dialogue about principles is reserved for those who are familiar with the context and who determine the identity of the organization. The interaction between relationships and meaning becomes more intensive as the communication becomes less codified.

DENSITY OF NETWORKS

Metaphorically, the networks in organizations can be seen as having differing densities. Principles are characterized by a dense network of relationships and meanings. This network is difficult to change because of the limited accessibility of the dialogue and the method of communication. The density of the network is limited when it comes to rules. The network is loosely woven: the dialogue is accessible and the communication is explicit. Figure 11.4 shows the gradation in density of the networks between relationships and meanings for rules, insights, and principles.

To Summarize:

Principles are relatively difficult to change because of:

* the implicit nature of the communication;
* the limited group of people who have access to the dialogue;
* the density of the network of relationships and meanings.

Rules are easier to change because:

- the communication is codified and does not presume a shared context;
- people from different relational systems can participate in the dialogue;
- the network of relationships and meanings is 'loosely woven'.

TRANSACTIONAL ORGANIZATION: A TRIPLE-LOOP LEARNING PROCESS

The positional and transactional organizational perspectives line up with the different views on the nature of reality and the way in which knowledge can be acquired. They differ at the level of principles. The stated differences are set against each other in Table 11.1.

Transactional organization requires that stakeholders have the willingness and the competence to deal constructively with differences in making variety manageable. The subject–object separation is abandoned. Derived separations such as separation of thought and action and of diagnosis and implementation thus lose a great deal of their relevance. Each stakeholder is both a participant and an observer in the process of organizing and changing. Meaning is created and changed in interaction.

Many change processes are directed towards the implementation of new insights without the underlying principles being questioned. The interventions and tackling of the change process are, for example, still fully in line with the old principles. The change process may, for example, be entirely focused on systems and structures, and employ consecutive diagnosis and implementation.

Many processes of change directed towards creating transactional organization behaviour—customer-orientation, decentralized decision-making, flexibility—fail because they are designed as linear reorganization processes by a limited group of experts and powerful figures who change the world for others while themselves remaining 'out of range'. This change strategy imposed from the top down is didactic and pays no attention to behavioural change, while employees are called upon to adopt learning behaviour and encouraged to be innovative and enterprising.

The credibility of change processes depends largely on the congruence between the message and the process itself (Watzlawick et al., 1970). Is the medium the message? As well as the content of change, the changers transmit their views in the method of change selected. Using the 'package tour' as a strategy for transactional organization confronts people with a dilemma. Management in reality uphold positional principles while saying that they are committed to the desirability of transactional organization. This inconsistency undermines the credibility of the change process and the intentions of the management. This leads to hesitancy in the commitment to the change process. This is then wrongly seen by the management as resistance to change, whereas in reality it is largely the result of

TABLE 11.1 Positional and transactional organization compared

Positional organization	Transactional organization
world which 'is'	world which 'becomes'
subject–object	subject–subject
objective knowledge—truth	context-specific knowledge—truths
stability	dynamism
positions	transactions
boundaries	interfaces
focus on constituent parts	balance between parts and whole
separation of thought and action	iteration of action and reflection
reduction of variety	maintenance of variety
consensus	Temporary Workable Consensus
separation of diagnosis and implementation	integration of diagnosis and implementation
change as implementation	change as co-creation
'package tour'	'trek'

Existing   **Desired**

Figure showing Rules → Insights → Principles for Existing, and Principles → Insights → Rules for Desired, both connected via Collective learning process.
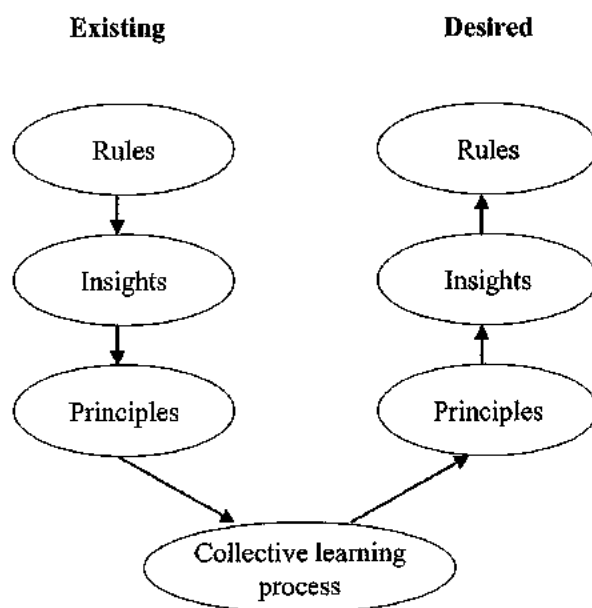
FIGURE 11.5 Collective learning on the level of principles

the strategy employed. If the management claims to be committed to an organization of free-thinking and learning people, it is inconsistent to treat the members of the organization during change processes as if they were unwilling to change. A didactic strategy cannot create a learning organization.

The choice of change strategy becomes crucial when seeking to make changes at the level of principles. The transition from positional to transactional organization requires a redefinition of the psychological contract between employees and the organization. Instead of adapting to the existing order, employees are asked to contribute their thoughts in the development of new possibilities. If the management is inconsistent, this makes employees even more uncertain. An important tenet for change processes at the level of principles is that credibility is related to the degree to which the change is shaped on the basis of the principles which apply to the envisaged organization (Swieringa & Wierdsma, 1992).

Moving from positional to transactional organization is a change at the highest level of learning: the level of principles. With triple-loop learning the congruence between the word and deed is essential for the credibility of the change strategy and those who define it. It is then necessary to question the underlying organizational principles. This requires a collective learning process by those mainly responsible for safeguarding the principles of the organization and who promulgate those principles in their (exemplary) behaviour. Figure 11.5 shows this by representing the transition from existing to new principles via a collective learning process.

This means that those who initiate change also form part of the change and learning process. The process of change shifts from one of implementation of solutions devised by a few for the many, to the joint creation of new possibilities: co-creation.

CHANGE AS A COLLECTIVE LEARNING PROCESS

An organization's capacity to change is the capacity of people to deconstruct and reconstruct meanings together and to re-order relationships and activities to take account of the external variety. 'Competence' here means competence in context. This means that people, in addition to their individual competence, are also capable of linking these individual competences and converting them into action in a particular context: collective competence or collective learning.

Which processes are likely to arise in a reflection on existing principles? What criteria must a context meet in order to contribute to collective learning? To be able to answer these questions, an insight is needed into a number of processes. The following sections look at the exclusive effect of language and the occurrence of disciplining processes. The core concept is the 'zone of discomfort'.

THE ZONE OF DISCOMFORT

Language makes communication possible between people, creates realities, and helps us to deal with reality. Reality acquires meaning in language. Language is thus both inclusive and exclusive. Language can be seen as the result of a need for order. This need may be a shared ambition or a perceived problem situation. Kooistra (1988) refers to the tension between the need for and result of order as the 'zone of discomfort' (*plek der moeite*). People construct a reality in language in conjunction with each other, in a process of interchange and negotiation: a 'regulatory result'. This is the result of social construction. Language reduces variety. To what extent does language create possibilities or obstacles for making variety in action manageable? What is needed to reinstate a sense of dynamism in realities which have become fixed in language?

The solidifying, variety-reducing features of language carry the risk that language will exclude reality and become synonymous with the truth itself: outside the existing language there is nothing. Laying bare reality in language carries the risk that the reality behind the language will be hidden. This can create a situation where language is equated to reality/truth. The reality which is generated in language confirms that language and causes that reality to coincide with the language. Language creates reality and then says, 'I didn't do it'.

LEAVING THE ZONE OF DISCOMFORT: DISCIPLINE AND EXCLUSION

Access to the process of meaning creation is reserved for those who are credible. If an individual wishes to be seen as credible by others, his or her statements must remain within the accepted framework. Relationships and meanings are fixed through discipline. The voice of opposition is thus heard less and less. The dialogue becomes 'diluted'; the zone of discomfort is avoided. A paradigm is an example of a choice for a particular perspective. Input from outside the paradigm is then tested for its credibility using the criteria of the paradigm itself (Kuhn, 1976).

Language offers a demarcation line which is necessary in order to be able to act. In order to overcome the exclusive function of language, it is important that the process of 'inclusion and exclusion' by language is brought within the scope of thought. And collective learning means that people are able to create measures and contexts to enable them to reflect on the exclusive action of language. In this reflection new perspectives may arise which shed new light on the existing views: principles. A process of deconstruction and reconstruction presumes a willingness to question existing realities: to revisit the zone of discomfort.

REVISITING THE ZONE OF DISCOMFORT: DIALOGUE PLATFORMS

Reflecting on the functionality of the network of relationships and meanings requires a context in which stakeholders can consider the existing patterns of thought and action. This means reflecting on the exclusive function of the existing principles at the zone of discomfort. This unavoidably brings a confrontation with the accepted self-image. Entering the zone of discomfort is therefore not just a matter of overcoming existing views, the relational dynamic will also have to be maintained. On the one hand, conditions will have to be created which make it possible for stakeholders to gain access to the dialogue, while on the other, consultation will have to be facilitated. Organization and change then become processes of co-creation.

FROM SUBSTANTIVE QUALITY TO RELATIONAL QUALITY

When does the 'regulatory result' from a dialogue possess quality? What can be used as a criterion for quality if the 'external' reality disappears as an impartial 'third party'? The quality of a social system—relationship, group, organization, or society—can be determined on the basis of substantive agreements, views, and values shared by the stakeholders. This results in positively formulated values and views: continuity of consensus. Positional organization assumes that there is a meaningful reality outside human beings; that which corresponds most closely to reality possesses quality.

Quality within a social system can be deduced not only from the degree of consensus. The process of disciplining means that valuable views fall outside the dialogue. The quality of consensus depends partly on the quality of the interaction process underlying it. The quality of the interaction can be regarded as an independent variable which forms the context for the content: facts and values. A social system possesses quality if the stakeholders are open to another definition of reality and if others are not excluded from the underlying interaction processes. The quality of a social system lies more in the openness of the interaction than the acceptance of a substantive definition of 'the' reality. Systems which exclude stakeholders from dialogues that limit their degrees of freedom do not contribute to the development of those stakeholders and therefore lose some of their meaning for them.

The quality of social systems can be expressed as the extent to which stakeholders are challenged to make an active contribution to the construction of reality and are willing to revise that construction. This requires that the positional focus on truth be abandoned. A focus on the 'continuity of difference' implies a willingness to accept temporariness in the substantive dimension and to complement this with continuity and quality in the relational dimension. It requires the perspective of transactional organization, resulting in a willingness on the part of stakeholders to revise their views in the light of the variety to be managed. This makes it possible to change reified realities.

The core of transactional organization is a focus on temporariness and management of variety. It assumes that the meaning of a reality is the result of a process of mutual coordination. What change strategy reflects this philosophy? Which methodology can make this strategy workable? What are the dilemmas and paradoxes from which stakeholders have to choose and that they have to learn to deal with? These three questions lead us to the next section.

CO-CREATION OF CHANGE

This section works out an alternative for the 'package tour' strategy. The metaphor is the 'trek': change as a process of co-creation. Such a process works on developing new possibilities. The principles underlying the shaping of a process of co-creation fit in with the transactional organization perspective. An indication is then given of how MCL has taken shape within the author's own experience. The construction and intervention rules of MCL are then given and illustrated with practical examples. The section concludes with a reflection on the dilemmas that arise when working with co-creation processes.

CO-CREATION OF CHANGE: THE TREK

A development process based on co-creation is an indefinite process which, using the journey analogy, is comparable to a trek: the route and the rate of progress are developed within a bandwidth of degrees of freedom and a stated direction (Swieringa & Wierdsma, 1992). The direction is determined in consultation, following which the journey begins. Depending on specific circumstances, modifications may be made 'en route'; the phased plan develops step by step during the journey. During the 'trek', action and reflection alternate. The focus is on achieving a desired future while on the journey. The change process does not start by changing elements of the organization that are designed to give stability: structures and systems. Instead, the starting point is the stakeholders who have the ability to

realize changes. In the first instance, these are the senior managers; they have a greater-than-average influence on and responsibility for the shaping of the relationships and the meanings adopted. The most important demand placed on these stakeholders is that they should show that they are also willing to learn. In the event of inconsistency between words and deeds, the organization's employees will focus on what their managers do (theory in use), not what they say (espoused theory) (Argyris & Schön, 1978).

What are the principles which form the basis for shaping the course of the 'trek'? The eight insights for designing the process of co-creation of change are as follows:

1. Activate 'actorship'.
2. Focus on connection.
3. Work on the basis of Temporary Workable Agreements.
4. Build on the past.
5. Develop the co-creation of possibilities.
6. Work backwards from the future.
7. Apply self-reference.
8. Create a shared experience.

1. Activate 'actorship'

If stakeholders accept that they have an active role to play in creating the context within which they function, they will recognize their influence: 'actorship'. The 'trek' relies on the willingness of stakeholders to hold each other accountable for their actorship. In a collective learning process this means that if a stakeholder does not wish to be part of the solution, he/she is part of the problem. As long as stakeholders perceive themselves as victims of circumstances which lie outside their field of influence (a reified reality), they are part of the problem. Stakeholders then become dependent on systems, structures, and other stakeholders. Often they respond to what they assume to be desired behaviour. The consequence of this may be that they blur the contact with their own views and ambitions. By disavowing their own actorship, stakeholders render themselves powerless. Since concepts such as power and powerlessness are relational, however, the picture is always complicated by the power of the powerless and the powerlessness of the powerful. Power as relative strength is a feature of relationships between players (Elias, 1975; Van Twist, 1994). The power of one player always depends on the degree to which the other recognizes and acknowledges it. Power lies within the domain of mutual negotiation.

2. Focus on connection

A condition for collective learning is a focus on connection: connection between actors and their own needs; connection between employees; and connection between internal and external stakeholders. Collective learning is fostered if the individuals are in contact with their own needs and ambitions. If the communication in a dialogue is truthful, a consensus is based on solid ground. There is then little or no self-censorship. In a situation where someone bases their actions on what they think others want of them, the dialogue is on shifting ground: what the stakeholder says does not reflect what he/she really thinks and feels. Increasing self-censorship is the result. Collective learning requires a focus on others. Transactional organization requires the willingness and the competence on the part of stakeholders to work together to make external variety manageable. By working to achieve a connection with external stakeholders, internal stakeholders remain open to their input.

3. Work on the basis of Temporary Workable Agreements

This does, however, mean that stakeholders accept responsibility for their actorship and also accept the mutual interdependency. It requires a focus on relationships between stakeholders and processes of shared meaning creation. Collective learning is then the capacity of stakeholders to utilize their actorship and create TWAs in a diversity of contexts. These consensuses are achieved in a process of

social construction and are thus also changeable. Collective learning processes retain their relational and constructive quality if stakeholders are willing to work with TWAs. This means a willingness to acknowledge and work with existing differences (variety). Working with TWAs makes it easier to alternate action and reflection and to adjust principles based on the internal and external variety to be managed. This is easier if rules have been agreed to rescind a consensus. Dialogue demands a willingness on the part of stakeholders not to see their own definition of reality as the only one, and to show a mutual curiosity regarding the considerations behind the assertions of stakeholders. It is then important that stakeholders are willing to revise their existing standpoints and where necessary to reappraise their values.

4. Build on the past

Co-creation of change builds on the strengths generated by the viability of the organization (Beer, 1979). Remembering everything that is good offers a basis for self-confidence and ambition. This is an appreciative perspective, having an awareness of the best that there is (Cooperrider & Srivastva, 1987; Barrett & Srivastva, 1991). In a 'trek' it is important to build on these strengths. Stakeholders derive their identity from what has been achieved in the past; it forms the basis for security and self-confidence.

A second reason for starting from the past is that it offers an opportunity to see learning the present as the result of a complex creation process. In the socialization process new stakeholders learn to adapt to what is already there. A side-effect of this may be that stakeholders learn to adapt to the existing situation and that their powerlessness is unintentionally reinforced. They learn to move within boundaries which are not the result of their own learning process: they are learned rather than tested boundaries. This 'given order' has only a fraction of the wealth of meaning that it has for those who developed it: 'The originators' powerful, meaning laden world becomes translated into simple easily-memorized recipe knowledge, rules, and procedures' (Barrett & Srivastva, 1991: 238).

5. Develop the co-creation of possibilities

A focus on possibilities contrasts with the dominant focus on problems in the 'package tour' model. Mistakes are deviations from what is desirable. Problem-solving is repairing what was whole. 'In problem-solving it is assumed that something is broken, fragmented, not whole, and that it needs to be fixed. The function of problem-solving is ... to help raise to its full potential the workings of the status quo' (Cooperrider & Srivastva, 1987: 153). The leap from the question of what went wrong to who made a mistake is a small one. Placing the emphasis on problems creates a danger that investigating errors leads to a defensive attitude by stakeholders. The emotion that is evoked is one of anxiety for the search for the guilty: the scapegoat mechanism.

6. Work backwards from the future

Future, cooperation, and mutual interdependence are concepts which fit in with the idea of a 'trek'. Willingness to act and energy ensue from a desire to achieve a shared vision of the future. Realizing this shared vision encourages stakeholders to devise opportunities to influence developments. The vision of the future can be seen as the creation of a point of attraction (Ford & Ford, 1995). In the process of co-creation, the stakeholders take stock of whether shared ambitions and images of the future can be formulated (Weisbord, 1992). Based on these ideals, they can then work backwards towards feasible action plans. While retaining 'the best that there is', they will go in search of new possibilities. The result of the change can therefore not be planned; it arises during the process of co-creation.

7. Apply self-reference

Stakeholders give meaning themselves to messages that are communicated to them. Meaning cannot be transferred (Maturana & Varela, 1989; Luhmann, 1990). This means that processes of change in social

systems are not concerned with finding the single truth. Reality is meaningful in different ways and has multiple meanings. The ultimate meaning is created in the dialogue. It is essential that meaning creation is the result of a shared process, so that those involved in the change can give meaning themselves to the shared experience. In a process of co-creation, stakeholders have access to the process of meaning creation: constructive quality.

8. Create a shared experience

Transactional organization is based on the idea that meanings are created, broken down, reconstructed, and maintained in a continuous process. This happens if stakeholders reflect together on questions which concern them. Co-creation of change results in dialogues, giving rise to a process of shared experience. The stakeholders themselves create meaning on the basis of this experience; they are connected by their shared experience. Specific patterns of arguments and language use are reaffirmed in dialogues: 'Patterns of discourse reinforce the interlocking sets of assumptions that guide what members of this interpretive community select as fact and taken-for-granted common sense' (Barrett et al., 1995: 359). Stakeholders maintain and change their social reality and reinforce their social relationships through language. These relationships result in agreements, which then help to determine the relationships and the meaning creation. Co-creation of change requires a process of deconstruction and reconstruction of meanings and patterns of action. The language changes (the words, metaphors, and images used) and the network of relationships and meanings also changes. This can mean that relationship patterns alter and lead to changes in norms and values (Ford & Ford, 1995). Language and meaning are, after all, important coordination mechanisms between stakeholders.

These insights principles create a change process which builds on past performance and on the potential of the stakeholders. The future becomes binding and participation in the process of co-creation offers a shared experience. This experience offers a point of departure for the processes of meaning creation. The alternation between action and reflection which is assumed when working with TWAs keeps the process open to input from external parties and to new proposals for improvement. The construct of reality thus becomes a process of co-creation with constructive and relational quality. How can a process of co-creation be given form?

MCL

I have built up my experience of and insights into processes of co-creation by developing and implementing large in-company customization programmes provided by a business school. MCL came about in response to a request from organizations for a method which would help with the realization of important internal change processes. In the first instance such requests are generally packaged in the form of a request for an in-company training programme. Over the years customization programmes have been developed in which the organization's own organizational questions are the carriers of the learning process. These programmes lie at the interface of management development and organizational development. MCL is a method which fits in with the metaphor of the 'trek'. It is the elaboration of a body of thought that has developed on knowledge development, learning, organizing, and change. MCL is based on the same principles as transactional organization, and, as a result, a number of accepted divisions between the thought/action, diagnosis/implementation, object/subject, and expert/non-expert disappear.

MCL provides a temporary context which offers the conditions in which stakeholders can reflect on the functionality of the existing network of relationships and meanings in relation to the external variety which has to be accommodated in the activity system. This reflection leads to a dialogue on the way in which the organization's members generate the organization, and in which the rules, insights, and principles underlying the organization process can be discussed. The method encourages the development of the competence to act on the basis of TWAs and the collective competence to safeguard the (relational and constructive) quality in their mutual interactions. MCL makes it possible

for an unusual group of stakeholders to reflect in unusual circumstances on core issues concerning the organization. MCL cannot be used to sell a substantive solution, but can be used to share a problem with the participants.

The process that develops within MCL is indefinite in nature, in the sense that no stakeholders—principal, MCL facilitator nor participant—is capable of overseeing the entire interaction process and controlling it unilaterally. Participants and supervisors initiate a process of co-creation of which they then become part. The dance evolves during the dance. The creation of conditions for continuous collective learning is thus a continuous process in which the conditions continually have to be met.

While working on the substantive questions, an organization process arises in the MCL itself. MCL offers conditions for reflecting on this process. Attention can be moved from the organization process in the organization 'there and then' to the organization process within MCL 'here and now'. The way in which variety within MCL is handled then becomes a topic of reflection. The unusual conditions which MCL offers the stakeholders make it a context which encourages reflection on actions. Exploring the effectiveness of the existing orders in the light of the variety to be accommodated is the substantive task for those involved in the MCL.

A Context for Co-creation

MCL is a temporary enlargement of the management unit of the organization as a whole. The participants enter a temporary organization: the programme as conversation space.

The core of MCL is the creation of conditions in which a facilitated dialogue can arise. It is a conversation space in which a dialogue on the core issues up to the level of principles can take place; a context in which the locus of difficulty can be entered. It offers opportunities for reflection on the existing order through the input of new actors and new meanings. The input of concepts offers opportunities to (re)order existing definitions of reality. The participants are stakeholders who represent the variety in the organization and exercise a strong influence on the identity of that organization. The patterns of interaction and the meanings which are regarded as important become evident in the dialogue. Changing the recursion level enables stakeholders to reflect on these patterns.

MCL: Construction and Intervention Rules

Experience with MCL suggests that the stakeholders have to spend a significant amount of time together: at least three and a half days, and up to a week. This is necessary in order to allow situations to arise where it is possible for patterns to become visible in the 'here and now', and in which the stakeholders are willing to discuss them. There must be time to take on the confrontation with created meanings at the zone of discomfort, along with the associated hesitations and emotions. A triple-loop learning process demands the necessary conditions in terms of time, structure, and supervision. MCL is a context within which the participants are invited to exercise their actorship.

What conditions apply for this context? What are the construction rules for its creation? Which intervention rules foster a process of continuous interaction? The construction and intervention rules are aimed at:

* linking MCL and the ongoing organization process;
* the creation of a temporary dialogue space which has constructive quality;
* interventions to safeguard the relational quality of the collective learning process.

The construction and intervention rules are as follows:

1. Organize the MCL around core questions requiring attention.
2. Try to ensure that the participants represent the existing internal variety.

3. Create the means to guarantee the viability of MCL.
4. Choose a topic and working method which presuppose the commitment of the participants.
5. Choose working methods which enable variety and patterns in behaviour to be made visible.
6. Create the opportunity for changes of recursion level, so that the interplay between content and construction process can be thematized.
7. Create scope to develop new meanings.
8. Create scope to maintain the constructive quality of meanings developed within MCL.
9. Choose direct interventions towards safeguarding the relational quality of the interaction.

These construction and intervention rules are briefly discussed below and illustrated with a few practical examples.

1. Linking to core issues

If a strategy of 'more of the same' has proved ineffective, MCL offers opportunities for breaking the deadlock. There must be dissatisfaction with the effectiveness of the existing method of managing variety before the stakeholders are willing to enter the zone of comfort. Programmes are linked to core issues which are important for the viability of the organization. The learning process in the programme takes place on the basis of the organization's own history.

CASE STUDY: GOVERNMENT ORGANIZATION 1

A government organization is preparing for privatization, and decides to optimize the efficiency of the business process. The first request relates to supervision of a cost-cutting exercise. To ensure that adequate economies are made and prevent choices being avoided, we suggest embedding the process in a strategic orientation. In order to allow the optimization to take place at the decentralized level, a shared insight into the strategy of the organization is needed. Following consultation, the management decides on a cycle of linked workshops and conferences. Investments are made in building up an insight at the level of the whole—the strategy—so that managers can then be given the scope to come up with optimization proposals in their own specific situation. The core theme of the programme is to arrive at shared actions for optimizing the business process on the basis of a shared understanding of the strategic course of the organization. The MCL consists of 13 workshops and six conferences. The managements of the operational units prepare for this in a (partially supervised) workshop. Six strategic conferences then take place in which one or two directorates, plus heads of corporate staff departments, reflect on the strategic course. The two corporate directors are present at all six conferences. This structure is a break with the normal tradition in which these processes are run by the powerful staff departments.

CASE STUDY: BUSINESS SERVICE PROVIDER 1

Following the departure of the founder/managing director/major shareholder, the new managing director is confronted with unrest concerning the relationship between the many small business units and the large national head office. It is decided to professionalize the district managers from the line organization and a programme is requested in order to enhance the level of business insight. During the intake the request is broadened to helping resolve the stagnation in relations between the various units and the loss of striking power at decentral level. Innovation is also suffering from the deteriorating relationship between head office and the line workers. The group of participants

is modified. The training programme with business-oriented modules is preceded by a collective learning process. In this programme a five-day conference is dedicated to internal cooperation, and a further five-day conference to a reappraisal of the strategy and the desired innovation. The participant group is adapted to this new structure. The management becomes part of the collective learning process.

2. Participants represent internal variety

Who is chosen to take part in the collective learning process? The aim is to ensure that the participant group reflects the existing internal variety of the organization as closely as possible. It is essential for the success and credibility of MCL that the consultation on the core issues is not restricted to the existing management. In order to be able to focus on the exclusive nature of existing meaning complexes, those who are excluded must have access to the dialogue in the MCL. The participation of new players means the managers in the MCL will have to make their thoughts and values explicit in order to be able to communicate with the other participants. This limits the exclusive function of language and facilitates a quest outside the boundaries of accepted meanings at the locus of difficulty.

Methodologically, limited access for stakeholders is undesirable. There are, however, practical reasons which force a certain restriction on the number of stakeholders. In order to be able to achieve sufficient depth in the interaction, the group size is limited. Seeking to make the group as heterogeneous as possible in terms of position, age, and functional background increases the variety of meanings.

CASE STUDY: GOVERNMENT ORGANIZATION 2

The process of optimizing business processes in the government organization preparing for privatization initially threatens to become dominated by the large and powerful staff departments. MCL replaces a staff department-controlled protocol. Participants in the MCL are representatives of senior management, all 13 operational directorates, and a selection of staff department directors. The direct linkage of line and staff on strategic issues is a new step for the organization. In the confrontation with the operational directorates, it turns out that the prevailing ideas at group level on the strategy to be pursued are not embedded in knowledge of the market and are not in line with the abilities and wishes of the operational units.

CASE STUDY: BUSINESS SERVICE PROVIDER 2

Initially the new managing director only wishes to reflect on the problem of cooperation and innovation with the commercial line managers. Following the intake for MCL, it is decided to set aside more time and to enlarge the group of existing commercial managers with the addition of representatives of the staff departments from headquarters and five newly appointed managers. In addition to the programme for the two heterogeneous groups of 20 people, six one-day workshops are organized for management. The participants reflect on core issues in both separate and combined programmes. Six weeks after the end of the programmes, management present a summary of their conclusions from the mutual dialogue. The shared diagnosis process results in complete agreement on the change proposals. The proposals harvest energy; there is no sign of resistance.

3. Viability of MCL as a temporary working system

To enable MCL to be viable as a temporary working system, it is important for the participants to have an insight into the effectiveness of the organization, as well as the freedom to raise this for discussion.

Processes in systems are always hedged in by restrictions imposed by the larger, enclosing system. MCL is also not immune to this. This makes a totally open learning process in MCL unrealistic. The interaction within MCL is limited by the bandwidth set by the sponsor of the collective learning process. The limitations must be indicated explicitly in the programme, to avoid a dialogue arising which cannot be coupled to the existing organization process.

MCL requires a bandwidth which enables reflection at the level of principles (triple-loop learning). The core of collective learning is that the object about which the group learns in fact consists of the principles which underlie the organization process. This demands a special contract with the sponsors so that the stated bandwidth is regarded as a TWA. This avoids MCL being inconsistent with the envisaged objective. If a reflection on principles is ruled out, the sponsor places himself outside the system and the inevitable link between subject and object is therefore broken. Sponsors are, then, not part of the solution, but part of the problem.

During the intake phase, establishing the degrees of freedom for a collective learning process is an important theme in the relationship between the sponsors and the programme facilitators. Trust and confidence often have to be won when working on the design and preparation of the programme. This trust and confidence are necessary in order to develop a learning process together with the sponsors in which the themes of their own organization are the common thread. This requires care in exploring the organizational theme, and intensive dialogue with the sponsors on the possibilities, in order to safeguard the relevance and effectiveness of the programme.

CASE STUDY: BUSINESS SERVICE PROVIDER 3

During the preparation phase, which ultimately takes nine months, a new proposal is put forward based on an exploration of the questions of envisaged participants, those who report to them and those to whom they report. The programme shifts from a training programme aimed at individual learning to a reflection on the strategy and the method of mutual cooperation. It becomes a platform for the new management to sit and reflect with 40 line and staff managers on all the implicit assumptions which have arisen over time.

MCL requires that participants be given the opportunity to form their own opinion on the degree to which the system is able to make present and future variety manageable. The sponsor is expected to make available the necessary information for this.

CASE STUDY: GOVERNMENT ORGANIZATION AND BUSINESS SERVICE PROVIDER

By way of preparation for the strategic reflection on the course of the organization, a working group of senior managers compiles a 'Book of Facts' in each programme. The aim is to obtain information which can serve as a basis for the dialogue in conferences. The Book of Facts contains all the information which is regarded as the most accurate description of the current status quo. Basic information on market trends, financial situation, staff profile, ICT investments, innovation, and development are made available. The aim is to ensure that the starting level of all participants is as equal as possible.

Stakeholders outside the organization are another important source of information: suppliers, partners, and customers. Customers can indicate to what extent the organization is able to respond to the required variety. The external variety is thus given a voice and a face. The more close-knit the networks of meaning and relationships in the organization are, the more important it is to bring in external stakeholders. The sponsor must agree to allow customers, partners, and suppliers into the MCL.

CASE STUDY: BUSINESS SERVICE PROVIDER 4

The company has a strong tradition of measuring customer satisfaction, and three loyal customers are invited to take part in each programme. Customers suggest points for improvement and illustrate them using concrete examples. This proves to have a twofold shock effect. In the first place, the examples given are regarded as embarrassing by the non-marketeers among the participants. There is a good deal of substitute embarrassment, and apologies are still being offered during the meeting. A second effect emerges once the customers have left. There is a strong division of views within the group. The non-marketeers and support departments are shocked by the attitude of the marketeers to the customers; their attitude is labelled arrogant, high-handed, and condescending. The sales and marketing people put the customer complaints into perspective. The entire day following the customer session ends up being dominated by issues of horizontal cooperation and trust between the departments.

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4. Design working methods which presuppose actorship

MCL provides a context for change without the content of the change being defined. It offers a facilitated and delineated space in which participants are expected to show their commitment. The boundaries are the result of the embedding of the interaction in larger wholes. The method has relational and constructive quality if it offers opportunities both for working within boundaries *and* for revising those boundaries. This means that during the collective learning process the design and working methods can themselves become the topic of discussion. MCL thus itself becomes a context within which the transactional organization perspective can be practised.

CASE STUDY: GOVERNMENT ORGANIZATION 3

During the preparatory workshop each operational unit directorate is familiarized with the method to be used for the strategic orientation. The directorates prepare for the conference independently. The conference is structured in such a way that both directorates present the results of their own reflections at the start. The various steps in the analysis are then discussed with all present during the conference. The confrontation of two analyses and the input of the representatives of the staff departments create a new, undefined process. Each conference then produces a different dynamic and different conclusions. The entire programme ultimately results in 17 project proposals.

The design is intended to build in increasing scope during the process for the commitment of the participants themselves. The success of the programme grows as the participants increasingly know and feel that they are owners of the process. This means they can influence the themes of the discussion and its course and tempo, and that they can decide to modify the programme. The working methods used in MCL must draw on the commitment of the participants so that they cannot place themselves

outside the process as observers. Because every behaviour has communicative value, the participants are co-creators whether they behave actively or passively. The process between the participants and the MCL facilitators is also one of co-creation.

5. Choose methods that make visible internal variety and patterns in management

The working methods used in MCL are aimed at making internal variety and patterns in that variety visible and manageable.

Making internal variety visible. Habitual interaction patterns and solidified meanings are visible in the way the participants interact. The working methods used contribute to this if they encourage participants to state their views and values explicitly. The participants are divided into groups of differing composition, and through exercises and assignments are invited to make explicit their existing thoughts and behaviour patterns. This leads to a higher degree of codification and dissemination of implicit values and views. The result is that the knowledge can be better tested and is separated from the closed environment of the relational complexes.

Case Study: Government Organization 4

By regularly splitting the participants into different groups, the existing variety is made visible in a way which does not emerge in the plenary sessions, where the accepted and desired meanings tend to dominate. In small groups there is scope and opportunity for participants to put forward their own views. In the reports on the findings of the subgroups, deviating views can be put forward as a voice in the subgroup without reference to any participant.

Making patterns visible. Since stakeholders in positionally organized organizations often respond to what is considered socially desirable, interaction processes in these organizations often proceed along well-defined paths. Habitual interaction patterns and solidified meanings are visible in the way participants interact. MCL offers an opportunity to recognize and evaluate these paths. The method uses scenarios, with a view to replacing 'talking about' with 'showing how'. They can take various forms: simulations, role-plays, exercises, making videos, etc.

Case Study: Business Service Provider 5

In the organizational simulation on working in a customer-oriented way, things grind almost to a complete halt after three rounds. The consultation circuit between the different management layers and the worker representatives blocks all activity on behalf of the customers. The majority of workers in the game have nothing to do and are very dissatisfied with the proceedings. One group of workers separates itself and starts its own company, promising support to two dissatisfied customers. In the follow-up discussion the participants are shocked by the way the hierarchy is automatically put beyond question, whereas it is quite evidently dysfunctional. The inability to open up for discussion the pattern that has emerged also gives rise to concern.

Simulations are discussed in detail afterwards. First, the time is taken to exchange experiences, and participants reflect on the patterns that have emerged. These are evaluated on the basis of how effective they have proved. The next step is to analyse the degree to which the patterns reflect the reality of

the participants' own organization. The final step is a discussion of the functionality of their own cooperation patterns in the light of the demand from the external environment.

6. Changing the recursion level: from the theme to the pattern of cooperation

In MCL the participants reflect on the rules of the game; patterns in the existing network of relations and meanings are made visible. Whenever patterns in behaviour or thought become apparent, participants or programme facilitators can draw attention to them. Talking about variety management in the work situation alternates with reflection on the current variety management within MCL. Attention shifts from the theme on which participants are working to the construction process which underlies the patterns. This creates a learning process at a higher level of recursion: reflection on the process itself. The facilitators focus strongly on the difference between what participants say and what they do or project non-verbally. This restores the link between thought and action. The commitment and reflection on the way in which the participants jointly create a reality are the core of the collective learning process.

CASE STUDY: BUSINESS SERVICE PROVIDER 6

During a discussion of the characteristics of their own culture, one of the participants presents an analysis. This prompts another participant to pull out completely from the discussion; her non-verbal actions indicate that as far as she is concerned, the entire discussion can come to an end. Because this non-verbal withdrawal has been identified as a cultural characteristic in an earlier phase, I draw attention to it. The discussion shifts from the culture 'there and then' to the current interaction pattern 'here and now'. Analysis of the series of events and making suspicions explicit facilitates a test of assumptions. Feelings experienced can now be given a voice and the atmosphere of the reflection indicates that participants are able to create a different interaction pattern. From that moment on, people no longer anticipate the 'desired' pattern; instead, the atmosphere becomes very personal. The participants decide to explore this theme in more depth and we abandon the programme for that day.

The essence of triple-loop learning processes is that stakeholders experience that a change in the organization requires a change in their own thinking and actions. Recognition and acknowledgement of their own contribution to the interaction processes offer an opportunity to reflect on their own way of acting. Because of the mutual interdependence, a change in their own thinking and action invites a response from others.

7. Create scope for developing new meanings

When reflecting on their own functioning without a new conceptual framework, there is a strong chance that the participants will continue thinking along the existing lines. The programme facilitators can offer new concepts, making possible an exchange between stakeholders in a new language which has a high degree of collective quality. New concepts also offer an opportunity to see reality differently and to shed light on other assets. This can enable participants to reframe their own behaviour.

CASE STUDY: GOVERNMENT ORGANIZATION 5

A stalemate in a discussion is broken by an exercise to characterize the position of the organization *vis-à-vis* the market. The operations manager likens the organization to a gazelle. The commercial

> manager chooses the image of the rhinoceros. Standpoints adopted during the discussion acquire a completely different meaning now that the perceptions underlying them have become clear. The discussion shifts away from the standpoints towards those underlying perceptions.

Working with metaphors or analogies invites participants to use imagery to describe their own insights or values. It offers them a way of expressing their own insights in a different way. Metaphors and analogies are particularly powerful in situations where feelings are difficult to put into words. A well-chosen metaphor or analogy can make a concern or an ambition visible. It can also break through a habitual argumentation style within an organization, especially if there is little scope for expressing feelings and insights which are difficult to put into words.

8. Preserve the constructive quality of the new meanings

MCL requires that ways be found of preventing the meanings that have arisen in the process of collective learning from reifying. From the moment the participants begin working on a theme, a process of local meaning creation arises which is linked to the MCL. To obtain a useful interaction between those who have taken part in the MCL and those who are part of the regular organization process, the 'regulatory results' emerging from the MCL must have a high constructive quality. Facilities are needed to keep the meanings open for third parties who have not taken part in the process. Linking MCL to the existing organization process is important.

CASE STUDY: PROFESSIONAL SERVICE PROVIDER

In a programme for a professional service provider, a working conference takes place between participants and management. The conference lasts for four sessions and is not pre-programmed. The participants invite those to whom they report, the staff directors and the Board of Management, to attend. They play host to their own management. Time is set aside in the programme for the participants to prepare the conference. They grasp this unique opportunity to set the agenda themselves with both hands. Because all decision-makers are present at this conference, it offers an opportunity to convert the ideas formed during the customized programme into decisions.

In the concluding conference a start is made on an open workshop-like structure, following which the group works towards the development of concrete projects which have to be set up in operational organizations. The directorates present each choose three projects. These projects become part of the agenda for the operating units and are monitored by the Board of Management and the operating company managements. Wide attention is devoted in the staff newsletter to this conference and the course of the projects. Within the space of two years, four different conferences have been organized by the participants in successive programmes.

A second conversation space has been created in the MCL where all relevant decision-makers take part in the discussion. The programme, the publicity surrounding it, and the projects that have been launched become important elements in the process of reorientation within the organization.

9. Safeguard the relational quality of the interaction

After designing the context and selecting the working methods to be used, the programme facilitators intervene in the interaction process in order to foster its relational quality. The facilitators attempt to keep the process of meaning creation open for all participants. Dominant behaviour dampens the willingness of other participants to contribute their own views and values.

CASE STUDY: GOVERNMENT ORGANIZATION 6

During the session, one of the two participating directors of the operational units is very dominant in the discussion on setting the agenda. There is virtually no contribution from the other participants, whereas their non-verbal behaviour betrays a high level of irritation. Following an intervention by the programme supervisors, an exploration takes place of what is going on. Ultimately the dominant director turns out to be very worried about a possible merger of two operational units.

As soon as the facilitators have the feeling that someone is dominating the proceedings, they pay special attention to the faint signals with which participants express their displeasure about the way things are going, and then draw attention to these signals. At the higher level of recursion, consideration is given to whether the results of the discussion still enjoy sufficient support among the participants. In other words: 'Do we still have a situation with sufficient relational quality?'

MCL: AN UNUSUAL INTERPLAY BETWEEN STAKEHOLDERS

From a transactional organization perspective, leadership lies in creating conditions which enable stakeholders to function autonomously within the agreed frameworks. Co-creation of change within MCL is a collective learning process and the result of the interaction between programme facilitators and participants. The elimination of the subject–object separation and the spread of actorship means there is no hierarchical ranking between the facilitators and the participants or between the participating managers and employees. The facilitators play a specific role and contribute specific added value.

The added value of the facilitators is found in the initiation, structuring, and facilitating of the dialogue between the participants, and the reflection on that dialogue. The facilitators create the context and intervene in order to achieve and monitor the relational and constructive quality of this process. The added value of the facilitators lies in:

- the creation of a dialogue space;
- the activation of stakeholdership;
- the creation of a safe environment;
- offering scope to experiment;
- attuning to the positive strengths and capabilities of the participants.

By asking participants to draw on their strengths, the facilitators enhance the capabilities of the participants to exercise their stakeholdership. A safe environment is created by, on the one hand, providing a structure and, on the other, protecting the 'particular' against the strength of the usual regularity. If a participant with an unusual standpoint is in danger of being suppressed, one of the facilitators will draw attention to this. This means drawing attention to the person who is dominating, the person who is allowing themselves to be suppressed, and the others who are allowing this to happen. In MCL, continuous attention is drawn to the way in which people deal with mutual variety. The facilitators seek to encourage reflection, and, where necessary, to disrupt it. Input must result in a cohesive disruption of existing processes. The facilitators aim to strengthen the individual and collective competence to create and revise organization processes. The facilitators have a role to play in the process both as facilitators and as participants.

The role of the facilitator is difficult to encapsulate in a single notion. The attitude which determines his or her functioning is also not uniform. In social systems people are constantly asked to take up positions in the no man's land between two simultaneously present forces:

- *Actor and director.* As a director, the facilitator creates the context in which the participants act. Through his or her interventions, the facilitator also becomes a player in the game. The facilitator creates and is part of that game—not like a needle in a worn-out groove, but more like a child playing with a hoop: following but also controlling.
- *Participant and observer.* Every intervention, or even the lack of intervention, is an action in the process. The facilitator's role can be described as a 'participating observer' or 'observing participant'. The facilitator is part of the process, follows the rules of the mutual game to a certain extent, but also reflects on the game itself from his or her standpoint as an observer. The facilitator continually has to strike a balance between involvement and distance.
- *Message and example.* The interventions of the facilitator are based partly on the content of what is said or done during the session. At least as important, however, is the way in which the interventions are effected. Consistency between what the facilitator says and does is of crucial importance at critical moments. The term 'professional', in the sense of distant, neutral, and expert, has to be expanded. The facilitator of a collective learning process is a committed professional with his or her own standpoint. He or she has to choose between the engaged position of a committed outsider or a reflecting insider.

Reality has two faces: thought and action, diagnosis and implementation, optimization of the existing and creation of the new, autonomy and independence, cooperation and competition. These are aspects of the same reality and not mutually exclusive concepts. Facilitators in collective learning processes within MCL, and sponsors who create the conditions for the processes of transactional organization, will constantly have to seek a position within the framework of the dilemmas: involvement vs distance, intervening vs allowing the process to develop, accelerating vs slowing down, allowing the discussion to continue vs drawing attention to the way in which the discussion is proceeding. In order to be able to make these choices in a specific context 'between the horns' of the dilemma, the professional must be securely anchored in his or her own norms and values. In addition to technical professionalism, this demands a normative professionalism from sponsors and facilitators of change processes. Normative professionalism means choosing a position on the basis of one's own norms and values. It is an extension of technical professionalism, which in this way comes within the scope of the reflection. Based on the professional's own perceptions, the tension of the insoluble dilemma can resolve itself contextually. Dilemmas which are resolved at a level of abstraction are turned into ideological choices which ignore the ambivalence and plurality of social systems. Dilemmas can only be resolved if they are contextualized, i.e. are made manageable in a specific context by means of a TWA (Wierdsma, 2001). Organization and change are thus processes of continual co-creation rather than of making a choice at a single point in time and then implementing it. The demands of employees and their growing role in the strategic self-sustainment of organizations calls for processes of co-creation of change: processes in which the members of the organization practise collective competence in dealing with differences while actually undergoing the process of change. Change takes place in concrete contexts and in a learning environment. The relational and constructive quality of internal relations eliminates the difference between diagnosis and implementation in processes of co-creation.

Change as co-creation is a 'trek', a journey in which, within agreed parameters and in a predetermined direction, stakeholders organize while changing and change while organizing.

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