INCREMENTAL CHANGE, TURNAROUND, AND TRANSFORMATION:
TOWARD A THEORY OF PUBLIC ORGANIZATIONAL CHANGE

DISSERTATION

Presented in Partial Fulfillment of the Requirements for
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School of The Ohio State University

By

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* * * *

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ABSTRACT

State government agencies are often accused of being unable to change. The constraints to change are many: the inertia of working through a complicated administrative and legal system, harsh public employee unions, the lack of incentives for individual performance, and multiple, vague, and even conflicting policy, organizational, and programmatic goals, are just a few of many constraints identified by public administration theorists and practitioners.

We do, however, have a limited, but growing number of case studies which examine successful episodes of change (e.g. Frost-Kumpf and Ishiyama, 1991), and multi-case study treatments of specific types of change (e.g. Poister, 1988; Frost-Kumpf, Ishiyama, Wechsler and Backoff, 1993). This case literature gives us some clues about how to manage the change process successfully by manipulating organizational strategy, tactics, and processes by change type (e.g. incremental, turnaround, or transformation).

However, there have been no attempts to build theory across types of public organizational change. This dissertation seeks to build a mid-range theory of public organizational change. It does this by employing
naturalistic methods of inquiry (Lincoln and Guba, 1985) to capture four purposeful change efforts over the course of four years. Two cases resulted in a transformational, second-order change (Watzawalick, Wheatland, and Fisch, 1985) One produced an organizational turnaround. The final case involved an incremental, mid-course correction. All four cases were successful attempts to produce change under resistant conditions.

We found that these successful change process, though they resulted in varied outcomes, relied on four similar underlying sub-processes: 1) there was a constant search for high impact action; 2) the locus of control over strategy implementation also affected the rate and scope of change in all four cases; (3) external pressure and attractive energy (e.g. values, vision) were constant themes across the three change types, and (4) the frequency of action was a critical consideration in the management of the change process in all four cases.

Based on these four sub-processes we outline a series of propositions for managing public sector organizational change. These propositions focus on producing high quality action at a high rate of frequency.
FOR THE BUN
ACKNOWLEDGMENTS

There are many people to whom I owe thanks. Pat Mihm, Michael Hogan, Don Thernes, Charles Johnston, and Pete Steele – the subjects of this study – I owe these men a great debt. They let me into their lives and honored me with their most trusted thoughts. I will always have a great deal of respect for what they did and look forward to what they will do.

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CHAPTER 1

INTRODUCTION

Change in public organizations comes in several shapes and sizes. The three most dominant forms of change involve small change such as incremental change (Lindblom, 1959; Fredrickson, 1983), big change such as renewal, turnaround, revitalization, or transformation (Goliembiowski, 1972; Poister, 1988; Holzer, 1988; Decker and Paulson, 1988; Poister and Larson, 1988; Stephens, 1988; Goliembiowski, 1970), and change involving transformation (Ford and Backoff, 1987; Roberts, 1991; Frost-Kumpf and Ishiyama, 1991).

Each of these subfields has developed a modest to substantial following and have engendered inventories of strategies, best practices, cross-cutting themes, and models for application elsewhere. Indeed, researchers of public organizations have become quite adept at developing models and strategies of change peculiar to small or big change or to transformation but, unfortunately, very few attempts have been made to develop theory that accounts for the various kinds of change (Rainey, 1991).

A theory of public organization change should explain change in its various forms, or at least should aspire to i
To be sure, there are some theories that account for all three types of change, though such theories tend to be so generic that they lose prescriptive power (e.g. Kaufman 1971; Downs 1967; Mosher 1967).

The challenge in developing a contemporary theory of public organization change involves the development of models that are between the specific and general, and the macro and the micro (Bluedorn and Evered, 1980). Such models would also need to account for recent advances in the documentation of public sector revitalization (e.g. Poister, 1988) and transformational change (e.g. Frost-Kumpf et al, 1993). In short, such a model would need to be a contemporary mid range theory (Merton, 1949) of public organization change.

The purpose of this dissertation is to construct a preliminary mid-range theory of public organization change by examining the similarities and differences between the three generic types of change - midcourse correction, turnaround, and transformation. Three case studies, one involving each type of change will be used to develop a grounded theory (Glaser and Strauss, 1967; Strauss, 1987) which explores the tactics and actions employed and the dynamics enfolded across the three organization experiences. Three questions will guide the development of theory in this dissertation.

1) How and why did the change process unfold? What were the key system dynamics involved?
2) What key action patterns were associated with producing each type of change observed?
3) What are the key similarities and differences in a) how's and why's of the change process, and b) the action patterns which produced the change process, across the three change types?
This chapter is organized into three sections. The next section defines organizational change and the key concepts associated theories which attempt to explain or create change. Then I briefly summarize the case literature around each of the three change types. Finally I outline our methodology and the logic behind our inquiry.

What is Organizational Change?

Change implies a difference between a former organizational state, \( A_n \) and a latter organizational state, \( B_n \) where \( A_n \) becomes or moves to \( B_n \). This change could involve a quantitative shift -- a shift along a particular dimension, or a qualitative shift -- a shift to a different dimension. An organizational state includes the structure and functioning of the organization's social system (Zaltman, Duncan, and Hobek, 1973), the behavioral patterns of organization members (Gabris, 1983; Heffron, 1989) and its resources, programs, services, service delivery system, technology, or clientele (Frost-Kumpf, Wechsler, Ishiyama and Backoff, 1993).

The three types of change this dissertation examines can be distinguished by shifts in temporal and spatial coordinates \((A_n, B_n)\). These temporal and spatial movements can be characterized by their differences along the following:

Scope

The scope of change refers to its magnitude and range. Golembiewski's (1986) distinguished three types of change; Alpha, Beta, and Gamma change, which refer to ascending
levels of change scope. Table 1 summarizes Goliembsiewski’s framework. It also describes other, equivalent concepts in the literature.

<table>
<thead>
<tr>
<th>Alpha change involves small, quantitative, or incremental change</th>
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<tbody>
<tr>
<td>Beta change involves incremental change but large significance is attached to increments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gamma change involves changes in identity and general state</td>
<td></td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Alpha</th>
<th>First Order</th>
<th>Transactional</th>
<th>Single-Loop</th>
<th>Morphogenesis</th>
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<tbody>
<tr>
<td>Beta</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gamma</td>
<td>Second Order</td>
<td>Transformational</td>
<td>Double-Loop</td>
<td></td>
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</table>

Table 1: Robert Goliembsiewski’s Framework and Equivalent Concepts in the Literature

Alpha changes are usually of small scope, involving a shift along some measure of a dimension. It is a quantitative shift, or a first order change. An incremental change is a typical example of an alpha change.

"Beta change involves a similar change in degree but the significance that people attach to the intervals may change as well." (Rainey, 1991, p.234). Organization turnaround and revitalization are examples of Beta change because change is considered to be quite large and significant. It often
covers a broad range of agency services, products, technology, human resources, and administrative changes (Daft, 1989).

Changes of the largest scope, or "gamma change" refer to a transformative experience in identity and general state, like that conceived of in "second-order change" in human systems (Bass, 1985; Burns, 1978; Watzlawick, Weakland and Fisch, 1974) "double loop learning" in individual behavior and learning theory (Argyris, 1970), "morphogenesis" in natural systems (Smith, 1987) and "reframing" in transformational leadership (Bartunek, 1984). Gamma change change involves a qualitative, discontinuous shift in some domain, not a first order, incremental modification of a previous state, or even a "large" incremental modification of a previous state. In gamma change,

"the basic governing rules...like the genetic codes upon which [living form] depends, actually become altered. Such changes, once they have occurred, eliminate the possibility of an entity returning to the condition it was in before the change." (Smith, 1987. p. 286)

Rate of Change

The rate of change refers to the speed of the change process, or more specifically, the amount of change in some phenomena over a given period of time (Backoff, 1974). The rate of change may also vary. The rate accelerates when speed increases and decelerates when speed decreases.

Flow of Change

Acceleration and deceleration are particularly relevant when we consider the flow of change. Change can be
continuous or discontinuous. Continuous change involves uninterrupted movement over a period of time. Discontinuous change involves change that occurs at certain points in time or perhaps, better put, in the absence of time (Gersick, 1991) -- it could involve quantum (Miller and Friesen, 1982) or trialectical jumps (Horne, 1983; Ford and Backoff, 1989).

The quantum shift from water to gas, or from water to solid as water temperature exceeds 212 °F or falls below 32 °F is an example of discontinuous change. The change in water temperature as it rises slowly is continuous, then once it hits 212. °F the rate of change accelerates to produce a quantum effect in the basic structure of the water.

**Direction of Change**

Organizational change also involves direction. Direction is commonly used among leaders to characterize the objectives, goals, services, products, vision, strategy, etc. the organization is positioned to achieve or pursue.

The direction of change need not be intentionally set, though it often is. Setting a direction, or a “course,” refers to the funneling of organizational and strategic resources, activities, and/or strategies to achieve a particular aim. A change in direction involves a shift in aims and a concomitant shift in organizational and strategic resources, activities and/or strategies.

**Types of Change**

The four dimensions of change discussed above: scope, rate, flow, and direction provide a foundation for
understanding and distinguishing the three types of change which are the subject of the proposed research. Table 2 illustrates these distinctions.

<table>
<thead>
<tr>
<th>Change Type</th>
<th>Scope</th>
<th>Rate</th>
<th>Flow</th>
<th>Direction</th>
</tr>
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<tbody>
<tr>
<td>Incrementalism: Mid-Course</td>
<td>Alpha</td>
<td>Slow</td>
<td>Continuous</td>
<td>Shift in strategy may involve slight vision shift, which embraces past strategy while recalibrating present strategy to fit with emergent conditions.</td>
</tr>
<tr>
<td>Correction</td>
<td>First Order</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revitalization/Turnaround</td>
<td>Beta</td>
<td>Usually Slow</td>
<td>Continuous</td>
<td>Does not involve a shift in direction/mission but does involve a shift in strategy.</td>
</tr>
<tr>
<td></td>
<td>First Order</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transformation Closing/Opening Processes</td>
<td>Gamma</td>
<td>Fast</td>
<td>Discontinuous</td>
<td>Involves shift in both mission/direction and strategy.</td>
</tr>
<tr>
<td></td>
<td>Second Order</td>
<td></td>
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Table 2: Types of Change and Key Concepts in Organizational Change

Each of the three types of change, incrementalism, revitalization, and transformation are described in greater detail below. Brief summaries of the relevant public sector research is provided as well.

**Incrementalism**

Incremental change, or class I change, is essentially an alpha change which proceeds continuously, slowly, and gradually. Lindblom (1959) introduced the concept of incrementalism with respect to organizational decision making in public agencies. He argued that “on-line” public managers make decisions at the margins, or in increments as dictated
by emerging and constantly shifting situations. Rather than employing rational comprehensive decision patterns, Lindblom argued that managers actually make decisions by the seat of their pants, by "muddling through," and not by some standard of process rigor. His "science of muddling through" was a classic treatise on what managers actually do, and called into question the portability of the rational comprehensive decision models schools of public administration advanced at the time.

Others have taken Lindblom's decision logic and applied it to organization change. These theoreticians argue that change occurs very slowly and incrementally, which they explain by the dynamic of "partisan mutual adjustment."

Partisan mutual adjustment refers to a pattern of negotiation and compromise amongst various organizational constituencies vying for self-preserving resources such as power, prestige, and money. Change is never large when partisan mutual

---

1 Of course, there are other explanations for incremental shifts. For example, McKelvey (1962), argues that the specific course of organization change is ultimately determined by the characteristics of the environment. Adaptation to a changing environment explains organizational differences and thus it also explains change. Neo-marxist organization theorists argue that incremental change is the precursor to evolutionary change. Evolutionary change (incremental) followed by revolutionary change is part of a universal order in which ideas, all these carry their own antitheses which leads to the inevitable clash producing a synthesis (Levy and Murry, 1986). Others argue that incremental change is virtually given due to bureaucratic resistances to change. Meyer (1979) states that in the face of environmental change, bureaucratic structures do not change as rapidly as do shifts in the environment. Kaufman (1971) and Downs (1967) discuss how even the smallest change can bring about intense resistance. Others talk about the managerial and strategic constraints to managing change (Rainey, Backoff and Levine, 1976; Allison, 1980; Perry and Rainey, 1986).
adjustment is assumed to dominate organization life. Rather, movement is quite limited since all of the parties are interested in their own objectives which tend to conflict with the objectives of others. The result is the maintenance of the status quo. Only small changes occur in any direction.

A midcourse correction is a particular kind of incremental shift. It involves a slight change in organization direction, a slight shift in its rate of change, and/or a slight change in strategy (See Table 2). Organization leadership believes that the organization is moving in the appropriate direction but relatively small course changes need to be followed for it to reach its desired future state. Changing ocean currents, shifting winds, changing temperatures and hostile conditions (a.k.a. environmental turbulence, unexpected threats, new issues) force the course changes.

A mid-course correction is identical to incremental change with respect to the scope, rate, and flow of change. It is decidedly different, however, in its strategic direction and orientation.

Mid-course corrections assume strategic activity. Organization leaders have scanned the situation and have adjusted their bearings accordingly. The ship may turn

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When I defined a mid course correction as possibly involving a change in rate, I was referring to a deceleration or an acceleration. In other words, change in rate is only relevant when a current rate is different from a preexisting rate, it does not refer to whether the rate was itself slow or fast. So, a midcourse correction is like incrementalism in that they are both slow changes. But, a midcourse correction could involve a change in rate from, say, a period of fast change.
slowly, and gradually, but it is nonetheless begins to follow a distinct new course. Principal decision makers choose the best alternatives given the existing conditions as it unfolds. Decisions and strategy are modified as the organization moves forward in time and space and as it confronts new issues and opportunities.¹

Renewal, Turnaround and Revitalization

Poister (1988, p.30) defines revitalization or class II change as the:

injection of new life into agencies that have become lethargic - the process of renewing their energy and capacity to perform vital public services. It means complete overhaul - transforming poorly performing or nonperforming agencies into high performance organizations. Public sector revitalization means the provision of new leadership to reverse trends in organizations that have suffered from declines in service delivery, inadequate funding, cutbacks, low morale, lack of management capacity, lack of a sense of mission, loss of political support and public credibility and perhaps a loss of integrity. Revitalization may not incorporate reorganization and realignment of mission and responsibilities, but it always involves changes in process and style - the "way we operate here."

Organization revitalization involves a change of large scope. "The distinguishing feature of the process of agency revitalization is the comprehensiveness, complexity, and sheer magnitude of the challenge." (Poister, 1988. p. 30.)

¹ I refer the reader to James Bryant Quinn's (1980) Logic of Strategic Incrementalism for the general dynamic underlying a midcourse correction. It is clearly different from incrementalism which is not usually strategic in nature, and in fact has been criticized for its near indistinguishability from change resulting from chance (Perrow, 1983).
Although renewal, turnaround, and revitalization are usually distinguished in the literature (Poister, 1988), I have grouped them together here because they essentially share the same levels of the same dimensions. That is, these phenomena all (1) involve significant gamma change (2) though it remains of the first order type. (3) The change process is fairly slow across each, though fast changes have been known to occur. Finally, renewal, turnaround and revitalization do not necessarily involve a shift in direction but they all involve a shift in strategy and the way “we operate here.”

Interestingly, incremental change is usually discussed within the frame of bureaucratic dynamics and constraints to change, and renewal, turnaround and revitalization usually do not have such accompaniments, or at least not to the same extent. Instead, the focus tends to be on the strategies and actions of leadership or some external change agent as the forces behind change. Typically, such strategies and actions discuss concepts like vision, values, participation, and change impetus (Ishiyama, 1990)


‘This is interesting because it fits very well into conventional predictions of attribution theory from psychology which essentially argues that an individual will tend to blame his/her environment for errors/mistakes/problems but attribute success to internal characteristics or individual action. By and large, studies of change have understood the process from the perspective of leadership through various interviews and self reports. The emphasis on dynamics in incremental change and the emphasis on strategy and action in big change, may in fact be an artifact of the research process itself and not a finding per se.'
provide detailed case studies of successful organizational transitions. Their chief contributions involve an exposition of the major strategies, tactics, actions, and principles organizational leadership invoked to manage the change process. Poister (1988), in perhaps the most frequently cited examination of revitalization identifies the following nine cross-cutting themes in public agency revitalization.

1. At base, revitalization must be predicated on an assessment of what the organization is now and a vision of where it is going and what it will become. This foundation may be the result of a very purposeful strategic plan or may develop incrementally as the most immediate problems are dealt with first.

2. To effect a comprehensive turnaround requires the development over time of a new organizational culture - shared values, beliefs, assumptions, and behaviors - in support of that vision.

3. In any revitalization effort, leadership is a critical element and is concerned first and foremost with vision, culture, and motivation and then with structure and process, although not necessarily in that order.

4. Changes in process and style will appear almost immediately and will usually precede structural change.

5. Revitalization efforts will almost necessarily involve a major redistribution of power within the organization, again to support new values and processes.

6. In order to capitalize on the potential of the organization, revitalization requires the active involvement of the employees, staff, and work force. This will often call for an emphasis on participative management as part of the redistribution of power.

7. Successful revitalization is likely to depend in part on the ability to effectively harness high impact management systems.

8. Full-scale revitalization is accomplished through hundreds of policy, programmatic, managerial, technological, and political initiatives implemented over time. When it does occur, revitalization is less apt to be the result of a single well-orchestrated plan that the cumulative product of a series of strategies that evolve as conditions change and new performance plateaus are attained.

9. Dramatic revitalization cannot proceed without a political mandate that is commensurate with the need to acquire additional resources and, more important, to change policies whose impact will be felt beyond the organization itself. In order to sustain wholesale change efforts, top
management must respond to such mandates, sustain them, and work to generate successive mandates when past mandates begin to fade.

There are a variety of other approaches and frameworks which offer guideposts for producing change of this scope and order. The basic question that is common to all these approaches is "what does or what can a leader or manager do to produce organizational change?"

Organization development theory provides a micro-level normative process for managing change (e.g. Goliembiewski, 1992; Zawacki and Warrick, 1976; Manley and McNichols, 1977; Goliembiewski and Eddy, 1978; Morrison and Sturgess, 1980). Essentially OD advocates the adoption of certain organization values like communicative openness, employee ownership and participation, trust, and freedom. Through the use of a variety of group methods, individual learning and intervention techniques, OD theorists seek to generate or regenerate these desirable values. Change occurs when enough employees adopt such values that the spread becomes "critical." (Goliembiewski, 1992)

Macro level contingency theories highlight the need for crafting appropriate strategies to manage environmental complexities and to bolster internal organizational competence (e.g. Nutt and Backoff, 1992). This body of research has developed a wealth of strategies for particular situations (Wechsler and Backoff, 1986, Backoff and Nutt, 1992; Bozeman and Straussman, 1990; Roberts, 1993), but by and large, the situational basis for these frameworks tend to be highly generalized characterizations of organization.
environment (e.g. placid-turbulent) and internal coordination (e.g. lo-high). Moreover, the prescriptions from these models tend to be general themselves (e.g. engage in a political strategy given turbulent environment and low internal coordination). Recently, however, a few books are beginning to extend the strategy literature by supplementing these broad characterizations and rather simple prescriptions with techniques to master strategy development and change (e.g. Nutt and Backoff, 1992; Quinn, 1988).

Still others explore particular techniques or improvement programs like total quality management (Sensenbrenner, 1991; Cohen and Brand, 1993), strategic planning (Taylor, 1991; Eddy and Steinbacher, 1986), entrepreneurial government and reinvention (Osborne and Gaebler, 1992; Roberts, 1991), government reengineering (Hale and Hyde, 1994; Davenport, 1994 Caudle, 1994; Libbey, 1994; James and Shulte, 1994; and Mechling, 1994). All of these theoretical and practical frameworks offer prescriptions for producing wholesale organization renewal and change.

Transformation

Transformational change involves a transformation in the fundamental assumptions or "rules of the game." The internal order of the organization and the patterns that define the relations of the various pieces to each other are fundamentally transformed (Burns, 1978; Wilber, 1983). It involves a shift in the underlying assumptions, values, and mission of the organization. Unlike a first order
quantitative shift, transformational change involves a second order, qualitative shift; its very character and identity change.

Argyris' (1980) learning metaphor maintains a similar view regarding the distinction between second and first order change. He argued that two types of learning in organizations occur — single loop learning and double loop learning. Single loop learning, the most dominant form, involves identifying a mismatch between intentions and results and making the necessary adjustments to correct or prevent the mismatch from happening again. Double loop learning occurs when a mismatch is detected and a correction is made in the basic assumptions or policies of the organization. Single loop learning is like a thermostat that detects changes in room temperatures and turns the heat on or off to maintain some preset level. Double loop learning occurs when the thermostat concept itself is challenged (Vasu, Stewart and Garson, 1990).

Not much empirical, systematic, or even case study work has been done on transformational change in public organizations. Perhaps this is because it truly is a rarity. Even Argyris has been unable to systematically produce double loop learning among small groups let along entire organizations and systems. There are, however, a few case studies of the transformational process which provide useful insights into its dynamics and its creation (i.e. Roberts, 1985; Wechsler and Backoff, 1986; Frost-Kumpf and Ishiyama, 1991; Frost-Kumpf, Ishiyama, Wechsler, and Backoff, 1992;
Frost-Kumpf, Wechsler, Ishiyama and Backoff, 1994).

Roberts' (1985) study of transforming leadership highlights several elements in leading public sector transformations. Specifically:

1) Crafted a mission statement and constantly reinforced its uniqueness and significance;

2) Created a strategic vision which all organization members could share, emphasized a participatory style and a "bottom-up" culture in which participants take more control and initiative. This visioning process was also prefaced by a purposive attempt to create dissatisfaction for the current state so that a need for change would be felt and the new model embraced;

3) Established a structure for change which involved creating clear parameters and guidelines within which people had the latitude to operate. These parameters and guidelines were fairly rigid and focused, but individuals maintained the ability to decide how and when certain tasks got done.

4) Participation in decision making and openness to input and information was highly valued. People recognized this and believed the decision making process was an open and nonsecretive one.

Wechsler and Backoff (1986) also identified a transformational shift in their analysis of four state agencies in Ohio. The Ohio Department of Mental Retardation and Developmental Disabilities (MRDD) went through a fundamental shift from a "residential, service delivery system to community based care and treatment...MRDD came to describe itself not as a primary service provider, but rather as a monitor and regulator of the service delivery system."

(Wechsler and Backoff 1986 p. 324).

Based on the MRDD experience, Wechsler and Backoff identified a strategic management pattern which they argued produced the change.

1) MRDD's transformational strategy was principally conditioned by a commitment to fundamental change.

2) The impetus or momentum for change largely emanated from
external factors such as legal mandates and advocacy group pressures.
3) Strategic direction emerged from responses to these external influences and as such,
4) the organization had a policy or political orientation.

Frost-Kumpf and Ishiyama (1991); Frost-Kumpf, Ishiyama, Wechsler, and Backoff (1992), Frost-Kumpf, Wechsler, Ishiyama and Backoff (1994) examined a purposive transformation of the Ohio Department of Mental Health (ODMH) in much more, perhaps excruciatingly more detail than did the earlier work on transformation. Their research, based on a retrospective analysis of every strategic action they could feasibly ascertain over a 6 year period, documented a pattern of strategy associated with a transformational shift.

ODMH, like Wechsler and Backoff’s MRDD case, was transformed from a dual state institution/community agency system to locally integrated community based mental health systems. Between 1983 and 1989, Ohio changed the basic technology of its services, its service delivery system, its resource base and distribution scheme, and the way it viewed its clients at a basic, fundamental level.

Transformational change, according to their analysis, was brought about by nine thematic patterns of action: 1) Gaining external support; (2) Building internal capacity; (3) Developing technical expertise; (4) Utilizing training; (5) Taking symbolic actions; (6) Developing new program thrusts; (7) Empowering key constituencies; (8) Developing alternative sources of revenue; and (9) Responding to opposition.

They claimed that the key to making these nine patterns a transformational strategy, was a meta-pattern of
coalignment across the thematic patterns. These coalignments came in the following distinct forms: (1) strategic language opened new opportunities for ideas, actions, policies and programs. It enabled leaders to coalign strategic and operational concepts and to provide and sustain a sense of strategic direction; (2) Various constituencies were developed and empowered at the same time that internal capabilities, like new planning, management, and participatory abilities were improved in order to work with these developing constituencies; (3) Cooperative ventures among clusters of state-level administrative agencies provided cross fertilization of ideas and collaboration around specific high-need individual consumers; and (4) through the regular and consistent sequencing of actions over time.5

The next section summarizes the logic of the inquiry, including the epistemological and ontological commitments, the design of the research, and the particular methods and techniques that will be used to gather information and analyze it for theory construction.

5 For example, idea papers, philosophy statements, or planning and performance reports were followed by a regional or statewide planning conference at a stable and regular interval of about 1 - 2 months. Subsequently new policy and programmatic initiatives would follow which when bolstered by sophisticated fundraising efforts and an injection of new dollars. Finally these actions would lead back to another cycle of reporting, conferencing, programming, funding, etc. These rotations would provide progressive insights about what worked and what did not work, thus promoting rapid, and sustained organizational learning.
Logic of the Inquiry

This dissertation assumes that any inquiry can and should be constructed to capitalize on multiple epistemological perspectives (Pondy and Boje, 1981; Hassard, 1993). Studying phenomena from various distances and perspectives may actually yield more accurate results than single lens research designs (Webb, 1966; Denzin, 1986).

The analogy I enjoy using to explain this perspective involves the experience of highway travel. You are traveling 65 miles per hour on the highway to Pittsburgh and you happen to look out your windows and notice the expansive forest and the rolling undulations of the topography. It certainly seems beautiful. If you were to inspect the land more closely, say from a county road that cuts through the forest, you might still find its peacefulness beautiful. But, of course, the view is different and now you know that the trees are mainly oak and maple.

If you were to get out of the car and explore the land, for the purpose of buying a plot of this beauty, you might find that local hoodlums have speckled this beautiful land with small dumpsites, rusty cars, and litter. Worse yet, you might find that the muddy ground and the leafy terrain too messy and smelly for your taste.

As you moved from distant observer to forest hiker, the layers of the forest were slowly stripped away. By the time you were in it on foot you finally saw the forest for what it really is.
But does your experience "from the inside" make your experience from the road or the highway any less real? What if you did not want to live in it and buy it? What if you just wanted to look at it and take in its beauty? If this were the case, the drive by information would be perfectly useful, and perfectly correct. If you were a mapmaker you might choose to take a birdseye view to take in its total topographical form all at once.

The point is that the intensity of the observation can vary with the purpose of the observation with no loss in intrinsic research value. All types of inquiry have their value and capture a piece of "reality." Undulations in the pattern of trees is just as much a part of what the "forest is" as are the mud and the leaves on the ground.

The present approach involves a mixture of approaches, all of which contribute to understanding. Social phenomena are highly complex, multi-layered events. Different approaches view the elephant from different perspectives, each yielding different insights and contributions. Having said this, though, there is an ontological bias to my approach and it is firmly rooted in the interpretivist, social constructivist view of the social world. 6

The present research is guided by several critical assumptions. First, our perspective assumes that the social world does not have an objective existence apart from the

6 I believe that taking this ontological view does not constrict methods that are ostensibly "consistent" with a social constructivist view. Logical positivist approaches, for example, can be used to access socially constructed reality, shared reality, etc.
observer. Rather, social reality is actively constructed by interacting selves who cocreate an intersubjectively held shared reality. Social reality does not exist "out there" it exists in the minds of the participants.

Second, these intersubjective states of shared reality not only provide the "it" that people act on the basis of, but this shared reality is also the medium of human action (Giddens, 1976). In a sense, these intersubjective states, or tacit frames of knowledge and meaning, or "structures" (e.g. as in Giddens' use of the term in his "structuration theory.") produce or enable action and through action the tacit frames of knowledge and meaning are constantly being reproduced and modified.

Third, this intersubjectivity or shared reality exists at both at the surface level of analysis and at tacit levels of understanding and consciousness. Surface level (Evered and Louis, 1980) understandings regarding intersubjectively held states include overt rules and canons of behavior, decorum, and culture as promulgated by symbols, language, and other overt expressions of organizational culture. Deeper, tacit level understandings are much more difficult to ascertain. Such understandings have to be inferred from patterns of behavior, extracted from "deep" interviews or reconstructing member constructs based on procedures such as constructive alternativism (Kelley, 1959) or from intervention strategies like participant observation. Depending upon how deep a researcher chooses to go will partially determine his/her choice of investigative tools.
(Evered and Louis, 1980).

Research Design and Method

The present research is part of a larger research design that draws on different paradigmatic perspectives (Burrell and Morgan, 1979). Borrowing from Burrell and Morgan's (1979) classic framework of sociological perspectives of organization analysis, the research program will unfold in the follow fashion.

Interpretive Case Study Research
To Develop Grounded Mid-Range Theory

Action Theory Research
To apply theoretical insights to focal orgs.

Functional Survey Research
To Ascertained the Generalizability of Findings and to seek out new Research Questions and Venues.

Figure 1: Research Agenda

Following Campbell and Fiske (1959) and Webb et al., (1966, 1981) this dissertation takes the perspective that paradigmatic research need not be viewed as a competing, "one or none" propositions. Logical positivist research, as noted above, need not preclude interpretivist or so-called radical humanist perspectives (Burrell and Morgan, 1979), or vica versa. Each perspective has value and may, in fact, inform the others.

This dissertation will cover phase I and part of phase II of the above research scheme. The goal of phase I is to
understand the cases at a sufficiently deep enough level to develop a grounded middle range theory of change in public organizations with a set of verifiable propositions for future research. The goal of phase II is to apply the preliminary findings to the local situations from which the learnings were developed. Phase III, which is not the focus of this inquiry, aims to generalize findings from Phase I and Phase II to other situations.

**Interpretive Research: Middle Range Theory of Change**

Interpretivism centers on the concept of verstehen, or understanding. It is a philosophy of inquiry that is well suited to the study of social affairs and the internal and intangible processes of the human mind. How people attach meaning to situations, actions, and events is one of the basic topics of inquiry for interpretive research and, as such, its principle methods aspire to placing oneself in the role of actors in order to access their perspective and sense of shared reality.

Criticisms of the interpretive or naturalistic approach tend to be aimed at the trustworthiness of its findings. "The basic issue in relation to trustworthiness is simple: How can an inquirer persuade his or her audiences (including self) that the findings of an inquiry are worth paying attention to?" (Lincoln and Guba, 1985, p. 290).

Lincoln and Guba identify four basic principles of naturalistic research to increase the trustworthiness of information and findings. Table 3 briefly summarizes their propositions and a list of related naturalistic techniques to
bolster trustworthiness.

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<thead>
<tr>
<th>Standards of Naturalistic Research</th>
<th>Standards/Techniques for Research</th>
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<tr>
<td>Credibility (Validity)</td>
<td>1. Triangulation of sources, methods, investigators.</td>
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<td>2. Prolonged Engagement and Persistent Engagement</td>
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<td>3. Peer debriefing to provide an external check</td>
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<td>4. Negative Case Analysis refines working hypotheses</td>
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<td>5. Referential Adequacy allows researcher to check preliminary findings against &quot;archived raw data.&quot;</td>
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<td></td>
<td>6. Member checks, or testing one's findings with the subjects themselves.</td>
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| Transferability (Generalizability) | 1. "Thick" description of context, time, conditions. |
|                                   | 2. Judgement of transferability is made by someone else interested in making a transfer. |

| Dependability (Reliability)       | 1. "Stepwise replication," which uses two research teams to independently analyze data sources. |
|                                   | 2. "Inquiry audits" review research process to ensure the "dependability" of the process. |

| Confirmability                    | 1. Inquiry audit to review the product of the research and to determine if the product is supportable by the information available |
|                                   | 2. Maintain a research journal. |
|                                   | 3. Triangulation methods. |

Table 3: Lincoln and Guba's Four Principles of Naturalistic Research

In keeping with Lincoln and Guba's intent, the present study incorporates several of their suggestions into its research design and methodology. The research design is illustrated in Figure 2 below.

As figure 2 notes, there are three phases to the research project: (1) theoretical sampling; (2) collecting trustworthy information and generating hypotheses; and
(3) developing trustworthy findings. Each phase is briefly described below.

**Theoretical Sampling**

Four cases were selected for the study: the Ohio Bureau of Worker’s Compensation, the Ohio Department of Mental Health, Sagamore Hills Children’s Psychiatric Hospital, and Millcreek Psychiatric Center. These particular cases were included in the research design for several reasons: 1) Opportunities arose that allowed the researcher to gain access to these organizations; 2) The four organization leaders were clear about their intention to produce change; 3) The four leaders were very clear about their intention to produce one of the three types of change (i.e. incremental, wholesale, and transformational); and 4) all four organization experiences were in the same general timeframe (1990-1994) and during the same gubernatorial administration.

It should be pointed out that opportunity and access had the most influence over case selection. The research
depended on the availability and the willingness of the respective leaders to expose their strategies and experiences to academic scrutiny.

Collecting Trustworthy Information and Generating Hypotheses

The research intervention was characterized by prolonged and persistent duration. Each case was examined for a minimum of 18 months so that the study could capture a wide spectrum of change dynamics, and to allow ample time to focus on specific hypotheses as they were generated.

As with most studies of this kind, multiple modes of data collection techniques were used including interviewing, meeting observation, and document analysis. The next three sections discusses how each technique was executed.

Interviews

Interviewing were the most widely used technique. Two general interview strategies were employed. First, organizational leaders were interviewed throughout the course of the study (spring of 1990 through the summer of 1994). With the exception of Millcreek. Millcreek was added to the study late in the process. Their CEO was interviewed twice over a period of 5 months. Organization heads are key actors in the change process so it only seems natural to start with them. They maintain formal authority in the hierarchy and are viewed as the legitimate spokesperson for the agency and the final arbiter of what is right and wrong. They actively and influentially participate in the creation of meaning, interpretation, and significance for the organization and the “outside world.” (e.g. Smircich and Morgan, 1982; Bennis and Nanas, 1985) Thus, understanding change from the leader perspective.

This is particularly true when leaders come to an organization with an agenda for change. Organization members actively look for cues about what is good and bad follower behavior, what the leader’s belief and value system entails, and what that means for their position, their colleagues, their clients, and the organization as a whole.
Interviews generally lasted between 90 to 120 minutes and were as frequent as once every two weeks. Regular and intensive discussions should (1) allow the researcher to gain a deep understanding of leader views and constructs relevant to change, (2) provide the researcher with a regular meeting to intermittently check back regarding research hypotheses and postulations, (3) facilitate a sense of "joining with the flow of action," on the part of the researcher, and to understand connections between various system elements as they change over time, and finally, frequent contact should (4) facilitate the development of trust between the leader and researcher.

The purpose of these discussions was to establish an ongoing dialogue about the daily concerns and issues facing the leaders of change processes, and to document the various actions and dynamics associated with managing a process. Both concerns about issues and the actions taken to deal with them were tracked on an ongoing basis. Interviews repeatedly elicited and focused on issues and themes as they emerge, occupy, and then leave a director's "plate," or "screen." Themes were tracked until they were considered to be no longer important.

In addition, specific questions were asked at each interview session. Some exemplar questions include, "what are the action/strategy stoppers? what is important in your world at this moment? how do you see things unfolding? what actions have you taken or will you be taking? and what are the forces surrounding the change process or those
surrounding a particular issue?" Most of these questions were repeatedly asked during each interview. The intent is to build an ongoing, and continuous dialogue about what has happened, what is coming up, and how does the leader think and feel about it.

"One or two time only" interviews were used with all other informants. This includes Local agency or regional level leaders, local level or regional-level staff, hospital staff and management, key state-level executive and management staff, interest group leaders, and other significant stakeholder groups and associations. In total, approximately 150 interviews were conducted during the period of the study.

**Documents and Written Materials**

Other materials such as internal organizational newsletters, newspaper articles, magazine articles, professional journal articles, research reports, GOWGER legislative news publications, and internal memos and reports were used to document the change processes. Written reports and publications provide a way to document the formal internal and external conversation which facilitate or impede change efforts. Moreover, such written communications, especially those emanating from the "outside" could be used to track public, legislative, gubernatorial, and other interest group evaluations of the change process.

**Meetings, Retreats, and Other Face to Face Encounters**

Various meetings, retreats and other face to face encounters such as presentations, workshops, conferences,
etc. were observed when possible. Detailed field notes were taken with respect to specific behaviors and actions. Verbatim accounts of each meeting or other face to face encounter were the principle goal of recordkeeping (Lofland and Lofland, 1984). This involved a combination of tape recordings, video recordings, and handwritten notes.

**Multiple Triangulation and the Generation of Hypotheses**

Just prior to, during, and/or immediately following interviews, working hypotheses were regularly developed around the subjects' reported experiences and concerns, meeting observation, and document analysis. Hypotheses were tested, modified, and retested during subsequent interviews, observations, and meetings or by carefully reviewing and crosschecking them with written documents, field notes, and other information until the researchers are satisfied in accepting or dismissing the working hypothesis in question. Hypotheses were "tested" by asking people direct questions, observing actions and behavior, and by actively seeking out and waiting for disconfirming information.

This hypothesis generating/checking/generating/checking process starts from the premise that the assumptions used within a cultural or institutional group should themselves be subject to analysis. The received wisdom, common sense, shared understandings and assumptions of a group form the basis for their action. However, they can also be the basis for conflict and misunderstandings between groups (Bordieu, 1972).
Testing what a group takes “matter of factly” allows the researcher to build a picture of the way experience is structured and how information/communication is being received and evaluated. The researcher gained “insider” knowledge about how the major players thought and acted amid their respective change processes. Based on this iterative hypothesis generation/checking process and the insider knowledge thus gained I inducted the critical processes and subprocess contributing to the change observed in each of the three cases.

Self, Peer, and Subject Debriefing

Throughout the course of the information collection process, what the researcher was thinking, (e.g. mental notes, ideas, thoughts about the cases, etc.) or feeling, (e.g. concern, fear, excitement) was jotted down to make a record of the “researcher in the process of researching.” This should aid in the confirmability of the research product as well as providing a rich source of ideas for future research and other endeavors.

Peer and subject debriefing were used to aid the critique of various postulations and ideas that intermittently pop up during the investigation. For the Bureau of Workers Compensation these kinds of thoughts were shared with my advisor, Dr. Robert Backoff, and the Bureau CEO, Mr. Patrick Mihm. During the examination of the Ohio Department of Mental Health, I debriefed with Dr. Robert Backoff, Dr. Carrol Hernandez (Assistant Deputy Director, ODMH), Dr. Michael Hogan (Director, ODMH), Dr. Suzanne
Hetrick (Director, Portage County Board of Mental Health). With respect to the Sagamore Hills Childrens Psychiatric Hospital change process I debriefed with Sagamore's former and current CEO (Don Thernes, and Charles Johnston respectively) and with the hospital's executive staff.

Subject and peer debriefings were used to evaluate and refine tentative postulations. There was no preset schedule for subject and peer debriefings. Rather, debriefings were held as frequently as necessary. Such debriefings took the form of informal chats, telephone conversations, or researcher facilitated meetings with various organization members.

Data Analysis: Assuring Trustworthy Findings

A central theme in interpretive research, as I noted above, is to understand a situation from the perspective of the actor in the situation. In keeping with this theme, the research focused on key actor interpretations and constructs used to describe the change process and the dynamics that unfolded in each case. The ultimate intent of all this is to "reconstruct and classify reality in order to integrate data into a set of theoretical categories or constructs." (Goetz and LeCompte, 1981, p.54).

The final phase of the dissertation research involved developing theory from the three individual change processes observed. Based on the totality of information, I used a qualitative technique called constructive alternativism (Kelley, 1959) to sift through the case similarities and differences to generate a mid-range theory of change.

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Specifically, constructive alternativism suggests the following steps be taken to elicit the key constructs:

1. Ask the question, "what do agencies A and B have in common which is different from agency C?" Enter the answer on a note card and label it "A=B, not C." Then write in the dimension that explains the similarity between A and B and the difference between A/B and C. Repeat this sequence until all possible ideas on how A and B are similar yet different from C are exhausted.

2. Use the same procedure to elicit how B and C are similar yet different from A, and again for how A and C are similar yet different from B.

3. Then compare each Agency to each dimension generated and assign a simple scale to describe the extent to which an Agency exhibits the dimension (e.g. Low, Middle, High levels of presence).

4. Use the dimensions thus uncovered to create a conceptual model of public organization change.

Our tentative theory of change resulting from this data analytic process is reported in Chapter 5 of this dissertation. The individual descriptions and explanations, or the "hows and whys" of each change type are described in chapters two - four. Chapter two summarizes the most important subprocesses with incremental/mid-course correction. Chapter three presents our take on what constituted organizational turnaround. Finally, chapter four provides the reader recapitulates the critical patterns in organization transformation.
CHAPTER 2

MID-COURSE CORRECTION
AND INCREMENTAL DYNAMICS

Incremental change is defined as a change of relatively small scope that develops slowly and which produces small modifications to existing conditions. It is, by far, the least glamorous type of change in public sector organizations. But what it lacks in glamour it makes up in its relevance. Most people believe that the majority of change processes in public organizations today are of this type (Denhardt, 1993).

Incrementalism is rooted in the work of Lindblom (1959) and other political scientists who sought to reconcile the rational-comprehensive decision models developed by academics with the real-life sub-optimizing behavior of practitioners. Much like the bounded rationality perspective of management decision making (e.g. Cyert and March, 1963; Simon, 1959), these political scientists argue that decision complexity forces rational minds to "satisfice" by concentrating on decisions that are concerned with increments, either up or down, from existing conditions.

An administrator assisting in the formulation of agricultural economic policy cannot in the first place be competent on all possible policies. He cannot even comprehend one policy entirely. In
planning a soil bank program, he cannot successfully anticipate the impact of higher or lower farm income on, say, urbanization -- the possible consequent loosening of family ties, possible consequent eventual need for revisions in social security and further implications for tax problems arising out of new federal responsibilities for social security and municipal responsibilities for urban services....

simplification is systematically achieved [by limiting] policy comparisons to those polices that differ in relatively small degrees from policies presently in effect...it is not necessary to undertake fundamental inquiry into an alternative and its consequences; it is necessary only to study those respects in which the proposed alternative and its consequences differ from the status quo...


Despite its reliance on minor adjustments to the status quo, incrementalism does not, however, necessarily imply a lack of strategic thinking. James Bryant Quinn (1980) argues that all, incremental changes can and should be managed with some end-state in mind. Each crisis, issue, or problem is inherently an opportunity that can be manipulated to point the organization toward some new strategic condition. How one achieves a strategic vision is not circumscribed a priori. Rather, it is approached in piecemeal fashion based on a strategic and logical assessment of what the situation dictates. Quinn called this sort of strategic manipulation “logical incrementalism.”

A similar logic prevails in Denhardt’s (1993) pragmatic incrementalism and Behn’s (1988) “groping along.” Both of these conceptions of incremental change rely on clear visions and objectives and, like logical incrementalism, neither rely on a grand strategy to structure activity. Strategy is
thought to be emergent (Mintzberg, 1979), based on a compilation of tactical, situationally based moves. Managers improvise when they confront random and or/or self created issues and opportunities.

The phrase pragmatic incrementalism means several things. First it signifies that the best public managers bring about changes in the quality and productivity of their organizations one step at a time... Second, these public managers are pragmatic in their efforts to move their organizations forward. These progressive public managers [are] willing and able to respond to whatever opportunities presented themselves to move the organization along." (Denhardt, 1993. p. 183-185)

While most change probably falls into the incremental category, there are actually a scant few case studies which describe how the change process unfolds. In general, incremental change is taken for granted at the micro level as "general management" or described theoretically at the broad level of public policymaking as in public budgeting or bargaining processes (Wildavsky, 1963). Several discuss changing segments or certain programs of an organization (e.g. Meyer, 1979). Some discuss implementing new quality improvement processes which emphasize incremental, continuous improvement (e.g. Sensenbrenner, 1991). But of these, no studies examined how incremental change actually unfolds in real time and in real space. Those few studies which examine change over time tend to do so retrospectively, looking back over time and culling the pertinent facts from leader and staff memory (Frost-Kumpf et al, 1993). The present study immerses itself in the change process as it occurred. I interviewed dozens of people; observed many meetings, noted
people's facial expressions and queried people afterwards regarding the thinking behind those expressions; interviewed the Director nearly every other week for two years, and even jumped in the action on several occasions to help out with the change process.

This chapter documents a mid-course correction -- as choreographed by Michael Hogan the current Director of the Ohio Department of Mental Health. A midcourse correction is a type of incremental change that involves a slight change in an organization's course without changing its destination. As is the case with each of our descriptive chapters, I am interested in exploring two basic questions. The broadest and most encompassing question that guides our research is (1) how and why did the change process unfold? Here I take a broad view of the system in transition, taking care to notice the hows and whys of system change. Within this broader question I ask more specifically (2) what were the strategies and tactics of change? The focus of this question is on the "doing" of change--what did the leader and the department do to produce incremental change. I concur with Denhardt and Behn that incremental change is not strategy based. Rather strategy emerges over time. Tactics and issues influence the development of strategy over time. The doing, however, tends to be more tactically motivated than anything else.

The balance of this chapter is organized into four sections. In the first section, I locate the department historically, describing its most recent past. In the second section I fast forward to the midcourse correction
Hogan charted. The main body of the chapter is the third section in which I present a model of the change process that I believe explains what occurred and why. Finally, our conclusions and implications for future research are summarized in the final section of the chapter.

Background

What happened prior to Director Hogan's entrance to Ohio mental health was absolutely critical to the strategy and dynamics observed. In the ten years prior, Ohio's mental health system went through significant, transformational, value-laden change. The transformational change of the Ohio Department of Mental Health (ODMH) between 1983 and 1988 is well documented (e.g. Frost-Kumpf and Ishiyama, 1991; Frost Kumpf, Wechsler, Ishiyama and Backoff, 1994; Schaff and Goodrick, 1988). Director Pamela J. Hyde mobilized a variety of mental health constituencies behind a new view of the mentally ill person who, up until that time, had been either implicitly or explicitly treated as illness categories. Hyde's perspective shifted the system's focus from treating patients as illness categories to treating persons or consumers suffering through an illness. Changing the root metaphor of the system from treating patients to treating them as "people-first" rippled throughout the system.

Hyde filled key positions in ODMH's central office with people who shared her passion for consumer-centered values. Many local systems of community mental health boards and community mental health agencies already reflected or were
moving towards a community vision of mental health care.
Interest groups, such as the Alliance for the Mentally Ill
(AMI) were fully behind Ohio’s new community support
philosophy as was the statewide consumer organization.
Hyde’s leadership galvanized these groups -- the department,
boards, agencies, family members and consumers -- into a
collective force spearheaded at the statehouse to produce
system wide transformation. All of these groups helped to
create a new philosophy of mental health in Ohio. The
following transformations occurred.

- The authority and responsibility for the provision
  of mental health services was shifted from the state
  mental health authority to local community mental
  health boards.
- Community mental health boards would now be held
  responsible for developing whole systems of care.
  State hospitals would be one resource among many
  which communities would use.
- Resources would shift from supporting state mental
  health hospitals to build community mental health
  systems.
- The basic consumer-provider transaction was
  transfigured from a “doctor-patient” to a
  “consumer-consultant” relationship in which case
  management teams with cross-functional skills worked
  to open doors, find apartments, find jobs,
  collaborate with the consumer to develop a treatment
  plan, and generally facilitate and support the
  individual in their choice to live in the community
  and among friends and family.

Driven by a new view of the consumer the entire system
changed from the inside out. Over the span of about 6 years,
Ohio went from being ranked among the worst state mental
health systems in the country to the largest state ranked in
the top five (tied for fourth). In 1988, the Ohio
legislature passed the Mental Health Act (the Act) which
codified these sweeping changes. Ohio was now considered to
be at the vanguard of mental health services. It was an exciting time in Ohio mental health.

Pam Hyde left for greener pastures in 1990 and her former Deputy Director Martha Knisely took over as Director during the final 18 months of a lame duck Governor. This is where our study begins: after a period of transformational change; after the successful adoption of landmark legislation; and after several years of fast-paced, high energy, and highly monocular, focused strategic activity.

The Change Process

Ohio was only one of three, four, or five places that I would have wanted to come to. For several different reasons...one of those, Ohio’s system is going through a larger planned transition than any other state mental health system in the country, certainly in any of the larger states. That process of change is intriguing to me. Second, the direction of that planned change....is the right direction from both a values and an empirical point of view. Its what the research tells us what works and its the right thing to do from a values perspective...[Third,] I’ve happened to, and this is not always on purpose, to go where something big has started and I have arrived in the middle of it, or I arrived just after the first scene. I think I figured out something about myself in all of that... that I couldn’t have done what Pam Hyde did here, I’m not quite as clear about the world as she is...and you have to be unbelievably focused and clear to get something this big turned around... But, I have had these experiences where people have started stuff and the job was to come in and figure out what to make of it. (Hogan, 4/7/92)

Michael Hogan, the former Commissioner of the Connecticut Department of Mental Health, took over as ODMH

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6 Ohio Governors cannot run for office after presiding for two consecutive terms.
7 Incidentally, Connecticut shared Ohio’s fourth place national ranking
Director in the spring of 1991. His leadership style was quite different from Hyde's. Where Hyde was an idealist, Hogan was a pragmatist. Where Hyde was a visionary, Hogan was a "visionist." Where Hyde was a risk-taker, Hogan was a risk-manager. Where Hyde was expert at producing situations, Hogan was brilliant at reading and responding to situations. Where Hyde was a creator, Hogan was a shaper. Both had their unique gifts. In many ways, the Hyde to Hogan transition made a lot of sense. The legislation, after all, had been passed and the system was now converging on a whole new set of issues - issues which primarily had to do with policy implementation rather than policy creation. The system needed to turn the ideology into a workable reality.

I bring up these rather crude Hyde-Hogan comparisons because observers and participants of Ohio mental health believed the difference in style was a principle predictor of system dynamics during Hogan's midcourse correction. The comparisons were also relevant because the midcourse correction, according to Hogan, was in part, a reflection of who he was. The midcourse correction involved system, organizational, and cognitive shifts which reflected the personal predilections of the leader as they mixed with the contextual dynamics of the system.

I define a midcourse correction as a shift in strategy and direction without any concomitant shift in mission or the ultimate goals of the system. The label "midcourse correction" was actually tactical language Hogan used early in his administration to frame his entrance into

[^10]: someone who has the capacity to see situational and system dynamics and flows.
Ohio mental health. I have adopted this tactical language to describe the first two years which I believe aptly characterized his approach to change. He did, in fact, continue to follow the fundamental mission Hyde and Knisely worked to establish. He believed in Hyde’s people-first values. He continued to develop and bolster community systems of care. He continued to encourage local responsibility and leadership. However, he did make course changes he believed were necessary to reach the system’s envisioned destination.

Midcourse Processes

In the present case, the midcourse corrections focused on shifting the system from an emphasis on policy creation to policy implementation, from building a unified system to managing an interconnected system, and from moving from fast-paced monocular change to a slower, more thoughtful change process. I explain each of these course changes in the following sections.

Policy Creation --> Policy Implementation

On the one hand we will continue to have the system move toward the vision of what is supposed to be which involves community life, independency, people getting good care but [we need] to move [to] that place in a way that will have sustained value and will work. (emphasis added)... its like the first part of the reform was doing the design for the mosaic and the work now involves putting the blocks into place (Hogan, 4/17/92)

Under Hyde, ODMH orchestrated a mass movement to change the system via new legislation. When it needed external

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11 though he felt that “choice” was a myth for a segment of the population that suffered from the most severe disturbances
support it facilitated the development and cohesion of mental health constituent and political action organizations (e.g. consumer groups and family groups). Leadership communicated directly with local mental health board and local mental health agency leadership face to face and frequently. The department was monocularly focused in its zeal to change the system. It blatantly used incentives and dollars to persuade hesitant communities to do things its way. It was a tightly managed, vision-oriented, change-oriented, hard-charging, and ideological organization. It was a very effective organization. But while structure, management style, and technical capacities continued to be poised for policy creation, advocacy, and spearheading tightly coupled change, these things were no longer relevant -- the law had already been passed. The current reality had more to do with questions regarding how to implement the law than to pass it.

The organization was structured to make a change and not to implement it or do it. For example, there were a lot of central staff to tell people what to do. There was one small problem. The law now had a lot of control going to local boards. Where telling people what to do three or four years ago was relevant, now they don't have to listen anymore. I also found a paradox in the leadership, management, and in the style and the direction of people. There was a high motivation and high technical competence but this was an organization that was very much set up and run to make and to create a big change and not to implement it. So, there were low capabilities with respect to general management... not a lot of people whose job it was to take care of a whole thing and shephard that along, but a lot of people's job it was to get a message out with respect to particular areas. It was a team created to plot the campaign, to lay it out and to watch it but not to move [it] forward over time. (Hogan, 2/19/92)
Part and parcel to the shift from policy creation to implementation was a shift from a value focused change process to a pragmatically focused change process. In the past, for example, housing was a value rich program. From Hyde's perspective a home was a home - it was not a treatment setting. It was home. ODMH would not and could not expand initiatives that violated this fundamental premise -- meaning no residential treatment or institution based residential treatment. These were facilities, not homes. ODMH staff, community boards, hospitals and community agencies all knew that the department would not step over this line.

Many community boards and agencies believed such pronouncements to be overly rigid despite the inherent rightness of the message. The fact of the matter was that there wasn't enough housing and people did need the structured environment and services of residential treatment facilities at certain points in time. Housing as housing was an ideal state - one that Hyde appeared eager to produce regardless of the short term consequences. Hogan, on the other hand, was not.

Out in the real world its a lot more complicated than that. People also need treatment and in an imperfect world you have to balance where they live and where their treatment is and even, for some people having settings where treatment takes place, I would describe it, as not a good idea, but as a necessary evil...So [some people are] thinking about it in terms of "we're compromising our values, we're sacrificing our values, we don't know what we believe in anymore." I'm saying we believe in the same things, we just don't have the luxury of believing in it and not taking responsibility for it. (4/17/92)
Fast change --> Slow change

The second group of midcourse changes collectively slowed down the change process. When Hogan arrived it was pretty clear that ODMH's central office staff and the agency's major constituencies were poised to close hospitals and shift those resources to support building community systems of care. It was a logical extension of the fact that most consumers lived in their homes and not in state hospitals. Nevertheless, most of Ohio's state mental health dollars had been devoted to operating state hospitals.

For the Department's new Director, the answer to the state hospital question was not so black and white. The prevailing view that state hospitals should close to finance the development of privately provided, not-for-profit services ignored several aspects of the equation. One, state hospitals most certainly would suffer from reductions in quality of care. Since 1988, the state had reduced its hospital workforce by nearly 1200 people. The staff who remained watched the exodus of hundreds of good workers, some by choice and others by layoff. Morale suffered tremendously. Two, only seventy five cents on each dollar saved from worker attrition, layoffs and closures were preserved in the state mental health budget. The rest, optimistically 25% (though some estimated as high as 50%), was actually lost to the state general fund. Hospitals and their fixed costs actually provided a shield against budget reductions. Because of this dynamic, rapid reductions in workforce could produce an even greater financial disaster.
than the one Ohio already found itself in. Three, State hospitals were the only place in the mental health system where they have to take you in. The prevailing view of closures did not sufficiently address the ability of community systems to match hospitals in a way that was as sustaining and accepting and ultimately there for people. Fourth, hospital closures have profound side effects, including the loss of life. Closing hospitals is an emotionally painful experience for consumers, their families, hospital employees and other mental health professionals. Finally, Union resistance can be a major barrier to hospital closures. Public employee unions had been quite successful in altering department strategy in the past. In fact, their intervention almost preempted the passage of the mental Health Act. Would it not have been for an eleventh hour union concession the Act would not have passed. A clause was added that stipulated a continued and significant state presence in the direct delivery of mental health services. A ramrod approach to change could simply invite a forceful union response and doom the change process to gridlock.

Hogan consciously slowed down the rate of hospital staff reductions in light of these tactical and moral considerations. Though the slowdown would be viewed by some as reneging on a promise, and later, as reneging on state law and by some as “caving into the union.” Hogan’s intentions were never to abandon the values and goals of the Act, but rather they were to find a way to implement the Act in the best way possible.
Building a Unified System -> Interconnected System

Another "midcourse correction" was needed to realign the system from focusing on building a sense of unity of cause to focusing on the management of an interconnected service delivery system. Under Hyde, local boards, and community agencies acted in partnership to gain passage of the act. There was a sense of unity, partnership in their alliance for a shared cause. But once legislation was secured unity was no longer relevant relational capital for the new policy agenda. System performance was now the principle value in the system. That meant the relationship between boards and the department would have to change.

I've had a sense for a while that the next big developmental task is to go through some kind of reframing of the relationships between the department and the boards. One design criteria is whole responsibility, the boards' responsibility right now is administratively whole, but not morally and clinically whole. In some cases they are whole. [The] best example being one woman board exec in southeast Ohio who knows all the names of all the people in the state hospital in her purser. That represents the kind of wholeness that's involved. A second criterion is that the relationship needs to go from adolescent to mature which means going from fighting about the car keys and which means we need to deregulate details, lighten up on paper, stop inspections, and substitute simpler, but tougher relationships with genuine consequences for nonperformance. Right now there are never any consequences for nonperformance. (Hogan, 5/21/92)

Hogan refocused central office staff on a mission that was somewhat leaner, but at the same time broader and vaguer than the ideological mission that the agency had attuned to under Hyde. Specifically, he defined the department's mission as consisting of three jobs: (1) We relate to 53
systems of care; (2) we run 15 hospitals and (3) we're the only ones in the state who pay attention to mental health. This three-point charge highlighted several incremental shifts from the former regime.

Note that job 1 involves relating to systems of care. There are two points of interest here. First, the emphasis on “relating” to 53 systems of care reflects a general movement during this timeframe from the top-down hierarchical control characteristic of the former system relationship to a new more loosely coupled co-leadership arrangement. Hyde was clearly in charge of the department and the system. Her staff knew what they were supposed to do, what their boundaries were and what bottom line results they were expected to achieve. People everywhere knew what her positions were and what they needed to comply. It must have felt sort of predictable. Rather than telling people what to do or how to do it, Hogan was more inclined to ask what people believed to be appropriate and then tried to work within those frames to come to some negotiated agreement about the best course of action. Within the walls of the agency, he would often simply talk about an idea that he had and hope that someone would pick it up and run with it. Once someone picked up on the idea, leadership would do everything they could to help the individual build the idea into a program, a service, an initiative, a strategy or whatever. It was a relatively infrequent occurrence when Director Hogan told people, either inside or outside of its walls, what to do. Most all action in the system was based on individual initiative, commitment,
and taking responsibility.

The second element of interest in job 1 was denoting a movement from working with functional pieces of local systems to working with whole systems of care. The department used to monitor the same paperwork, and require the same reports from all 53 board areas. It also judged local board quality by the abilities, expertise and values of the Board Executive Director. Under the Hogan administration, board/department transactions would be much more system based concentrating on local needs, priorities and the specific social, economic and political environment rather than on the personalities of individual Board execs.

Job 2 involved running hospitals. Again, this represents a divergence from past practice. Hyde’s administration worked through boards and community systems of care to pass the Act. Hospitals were unmistakably out of the loop. Indeed, strong incentives were built into the Act’s funding restructuring which would encourage community boards to take people out of hospitals. In fact, reducing hospital bed days was the only rewarded behavior in the state allocation formula. Such incentives dramatically reduced hospital rolls and increased community based service needs. According to one ODMH employee, “it felt like the department had allied with community folks to work against hospitals.” One hospital CEO said, “it felt like she (Hyde) thought we would be better off not existing.” One community board director said, “it seemed like hospitals were seen as somehow just not part of the program.” Hogan’s official
acknowledgement of the importance of hospitals was a significant statement which was felt around the system. One hospital CEO said, "for the first time we felt like the department was on our side."

The How's and Why's of the Change Process

Two to three years later most observers would agree that Hogan's midcourse corrections were embedded in the system. The department was now focused on managing for performance and policy implementation. Hospital populations had declined. Some were reconfigured. Others were consolidated and still others simply closed. But, they were all done in a participative and planful way. Relationships between communities and the department have also changed. There is less paper, more accountability, more local collaboration and more departmental "coaching" rather than "controlling."¹²

Choreographing such a mid-course correction and incremental change can be exceedingly difficult. Simple explanations involving unicausal relationships do not do justice to the sort of cognitive complexity and tolerance for ambiguity that is required of leadership nor the quality of action that emerges over time. This section explains the how's and why's of incremental, midcourse change. It pays particular attention to the process of change.

The case study suggests three distinct but overlapping subprocesses in incremental change which are referred to here as; the intunement process; thinking globally and acting

¹² Perhaps, even more interestingly ODMH is at the verge of engaging in another massive system change -- moving from a community based structure to essentially a regional, conglomerate serving a host of human service needs.
locally; and creating action attractors. Figure 3 illustrates the broad relationships in the change process. The balance of this chapter details the three subprocesses.

Figure 3: ODMH Change Process

The Intunement Process

Intunement is broadly defined here as the process of harmonizing with system flows and tendencies created by events, actions, and processes occurring in an identified cluster of the wider social, political, technological, and economic system. The in-tuned leader(s) knows what's going to happen when, why, where and how. The leader(s) is in a state of oneness with the surrounding swirling forces around
such a condition is not only theoretically possible, being consistent with various field theories (e.g. Sheldrake, 1981) and system theories more broadly (e.g. Capra, 1983), it is also demonstrably true. Athletes, for example, frequently talk about being in a “zone.”

According to John Brodie, a former all-pro quarterback, described zones like this: “It seems as if I have all the time in the world to watch the receivers run their patterns, and yet I know the defensive line is coming at me as fast as ever.” (Kriegel and Kriegel, 1984 in Quinn, 1988. p. 21) At certain moments in time athletes connect to the flow of the circumstances -- they know what will happen next at a gut level. Quinn (1988) reports Bill Russell’s comments about his “zones.” “I could sense where the next play would develop and where the next shot would be taken. Even before the other team brought the ball in bounds, I could feel it so keenly that I’d want to shout to my teammates, “It’s coming there!” -- except that I knew everything would change if I did. My premonitions would be consistently correct…” (Russell and Brauch, 1979 in Quinn, 1988, p. 15). Zones are a psychological and physiological condition in which the individual and the circumstances become synchronized.

Denhardt (1993) believes this connection to the flow of the system and the ability to redirect those currents in opportunistic ways is the hallmark of excellence in public sector leadership.

“Their interventions are based on a peculiar sense of what makes large groups of people respond and change. Whether this knowledge comes from theory or experience or intuition...it prepares these managers to experiment, to listen, and to learn
what is necessary so they can do just the right things at just the right times... Many of the changes they instituted were planned, but others were impromptu reactions to particular events or even particular conversation in which they found themselves... There response was not simply to "go with the flow"; rather, it was to "catch the flow and redirect it." (Denhardt, 1993 p. 180-185).

Dreyfus, Dreyfus, and Athanasian (1986), writing from the literature on individual mastery also seem to offer support for this notion of intunement. Their "proficiency stage" of personal development marks a remarkable stage of personal mastery the individual has the capacity to unconsciously "read" the evolving situation. The individual reads the situation and new plans are conceptualized and reconceptualized as necessary. There is an inherent, unconscious holistic and intuitive grasp of the situation.

Our findings are consistent with these conclusions. Hogan and his colleagues got "intune" or at least strived to become so. In the present case we saw the intunement process as a perpetual process of understanding, acting and learning. The process begins with a view of the world as being ill-structured, unpredictable, and not easily controllable, and it proceeds gradually in a cyclical way until a deeper understanding of system flows is obtained.

I used to have the feeling in Connecticut that if I thought there was a problem, or if my team thought there was a problem, we could push a button and in a reasonable period of time something would happen about the problem...it felt sort of predictable. I sort of have a feeling here that if we figure out a problem and push a button, nothing happens... nothing happens. Its a little bit like playing a video game with loose wiring. You move this way and it goes this way. (Hogan, 4/6/92)
Compare this sense of misconnection and loose wiring to a comment Director Hogan made 1 1/2 years later which I believe represents a moment of intunement.

Cultural diversity... I'm starting to get a sense that this issue is moving background to foreground for several reasons. First, there is always a potential for risk or danger, and in a diverse environment as we have... but more significant than that there's been a lot of positive energy around this starting to come together. I've been frustrated for some time that there is no organized way to play this out, despite the fact that there is a lot of [cultural diversity] issues on the table. We created a crosscutting team, called the diversity action team, that has twenty people and they've done some good work, they've produced a workplan, that looks pretty solid. Looks like a team here, that's good. Every year the department has sponsored a minority concerns conference. Turns out that this conference is in Franklin co. Good, because it's here, also Franklin co. is tuned into this as an issue. So potential for critical mass to develop. I've had brainstorm that one of problems that the positive leadership coming from consumers and family organizations isn't there anymore. They tend to be more focused on internal issues than on broad advocacy agenda. This issue of responding to diversity has a lot of energy around it, and good people focusing on it, and I've thought this can be the catalytic message, grass roots thing that becomes the cutting edge change thing for the system. Same values, possibility of positive energy. I've had conversations with two people. Something could come together here. (Hogan, 4/9/93)

It is probably impossible to be intune all of the time. Indeed, it appeared to us that this intunement was more like an opening that popped up occasionally. Of course, these occasions were only known to us when such sensings were openly discussed. They did, however, seem to come more frequently as time passed, suggesting that this "jumpy" consciousness of being and system could be learned or at
least enhanced by knowledge, learning, and experience. There were some conditions that appeared to set the stage for the intunement process. Four seemed to be particularly important.

(1) Self-intunement

The importance of understanding self limitations, blindspots, and biases is an emerging but pervasive theme across multiple streams of research. Mutt (1989) for example, admonishes decision makers to wrestle with their intuition before making "tough decisions" because intuition is too often colored by biases, prejudices, cognitive preferences, personality styles and other factors that may cloud clear headed thinking. Quinn (1988) offers active self-examination for self-improvement as an important step in becoming a "master-manager." Weick (1979) concept of "enactment" tells us that what we see "out there" and label as the "environment" is really a product of who we are.

One of the more common prescriptions from these and other authors from philosophy, group dynamics, psychology, and sociology is that we must become more in tune with ourselves and how we think before we can be effective. These diverse writings tend to offer self-examination and developing multiple ways of viewing the world to maximize our ability to cope effectively with complexity and uncertainty.

Self intunement is related to intunement in a number of important ways. If "what is out there" is a a product of "what is in here," or put differently that the observed and the observer are connected in some inseparable unity, then
reflective practices are absolutely critical path to understanding the ebbs and flows of the environment, because what’s out there is part of what’s in here.

Self examination and introspection were central practices in this change process. Not only was Director Hogan naturally a reflective person, who often analyzed and discussed system issues abstractly, he often revealed his own self-observations to others to help them connect and understand him. This sort of personal sharing and his willingness to be self-critical helped to develop an environment of open self-reflection. Director Hogan also institutionalized reflective processes by incorporating time at the end of executive committee meetings to debrief. He also arranged to have a research team from the Ohio State University review communication practices, provide objective feedback in general meetings and in executive staff meetings, and to engage the department in cognitive mapping exercises to reveal shared presumptions and evaluations about system forces. All of these activities, in some fashion, embedded reflective practices into ODMH’s core processes.

(2) Maximizing Intelligence Gains in the Executive Transition

One of the things personally that is real weird for me right now, is this being all alone, it’s like being parachuted in to be in charge, and you don’t know the cover, and you don’t know the dynamics, and you don’t know the politicians, which means that stuff happens and you don’t know what it means. One of the things that it is important about that is that you have to know the business in your gut in a way that a very small piece of information...that may be in the newspaper, or in a report, or whatever... that you’re radar goes off when that happens. If you’re going to get parachuted in you need to have studied maps, and know intelligence work...building a network is
very, very important. (Hogan, 3/17/92)

Developing a network was another critical step in the intunement process. Hogan capitalized on a number of key opportunities to establish an intelligence network. When Hogan first arrived he chose not to terminate senior staff, contrary to conventional wisdom which favors making a clean break from the past. Agency senior staff can usually expect to be the first to go following a gubernatorial transition, a change in the controlling political party and a change in executive leadership. Holdovers are viewed as belonging to the old regime, part of the problem, or just political wrong-siders. Hogan's savvy inaction generated trust and immediate gratitude from a group of proven performers. It also preserved an executive level storehouse of connections on the other side of the aisle, which would complement the Governor's political capital.

Hogan's executive staff understood the system in way he could not yet do. They had experience and they had an existing network of contacts and colleagues. This transition preserved and enhanced the department's intelligence network and thus bolstered its ability to build on its knowledge base. Many executive transitions trade this experience for control. This regime, however, coveted knowledge, multiple perspectives, experiences, and influence. These benefits far outweighed the control and clarity afforded by a clean sweep.

In another savvy move, Hogan asked Knisely to stay on board in an advisory capacity for a short period of time. Among many other valuable insights, Knisely personally
introduced Hogan to crucial legislators and other key stakeholders. Maximizing intelligence gains rather than maximizing control gains sped up the intunement process by building rather than destroying system knowledge.

Director Hogan also took advantage of a multitude of speaking engagements, ribbon cuttings, conferences, and the like as well as other scripted encounters to spread good will and to get out and meet people. He engineered new connections to Ohio State University, gaining an adjunct appointment in one academic department and working closely with another to develop mental health specific managerial knowledge. He also rejuvenated connections to the employee unions and gained their support on a number of important issues. He renewed his ties to the national level mental health scene and took on a leadership role in the national association of state mental health administrators.

3) Refocusing Knowledge Generation

Another series of actions Hogan took to get in tune with the system was to refocus knowledge generation activities on critical relationships. He organized two several day long activities to refocus organizational knowledge. The first was called "board days" and the second was called "hospital days." Both events used staff to develop strategic knowledge consistent with Hogan's midcourse correction. In board days, central office staff identified profiles of the strengths and weaknesses and priorities of all 53 board areas in the state in order to cultivate an approach to working with them as whole systems of care. In hospital days, Hogan did much the
same thing, only this time he brought in the hospital CEOs to identify their issues and priorities.

Board days and hospital days attempted to recalibrate knowledge generation to the key relationships in ODMH service delivery system. In so doing, he gained valuable insights into relationships between ODMH and the system -- how the agency related, worked with, managed, communicated, and perceived its principle constituencies, the 53 boards of mental health and the 15 state hospitals.

He also attempted to refocus knowledge generation at principle internal relationships as well. The cognitive mapping sessions discussed earlier were used to identify and reveal the cognitive maps of executive team members to build intra-team knowledge and a shared sense of system dynamics. As sessions began to mature the executive team suggested that the next level of senior and middle managers observe the mapping processes so that they too, could begin to converge on executive team thinking, system dynamics, and key issues and potential strategies.

(4) Action Learning

Finally, the intunement process was aided by taking action in the world and experiencing its dynamics first hand. Action taking involved a fluid, continuous assessment of future possibilities given the dynamic issues of the present. Situationally practical inferences were made about what actions\(^3\) would likely lead to good outcomes\(^4\) and then those

\(^3\) This may involve not taking any action at all.

\(^4\) We define a good outcome as a one that support the mission of the organization. It is not necessarily the best possible outcome, but it is also not the first satisfactory decision either.
actions were taken. It involved actively reflecting on the linkages, both likely and realized, between action and outcomes and issues and action in a never ending cycle of experimentation and reflection in which hypotheses about issue-action-outcome linkages and beliefs about the system in which one finds themselves, were continually formulated and revised. One is in a state of perpetual contemplation, action and learning. When and if this process converges in on itself, that is to say when contemplation, action, and learning get closer and closer in time and space, the organization leadership will be closer to being intune with the system. Leaders develop automatic knowledge and the gut level right response to particular situations as they recognize, act, and learn on-line.

I said earlier that the change process was in part a reflection of who Hogan was. A big part of this association between the leader and the change process, I believe, was connected to how Hogan thought. This was an ideational and conceptual change process. The two biggest leader influences on this change process were Director Hogan's ideas and his peculiar, but catchy thought process.

Think Globally, Act Locally

The phrase “thinking globally and acting locally” has been used in a variety of different ways and in a variety of different venues. I use it to describe a particular relationship between the world of thinking and ideas and the

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15 Director Hogan related several “out of body” experiences when he was reflecting and learning simultaneous to his acting in the moment.
world of action and expression. Global thinking is used to focus the organization on a broader, more holistic view of the system and its dynamics as well as a more holistic way of thinking. Thinking globally involves developing a sense of intunement with the system. It involves an understanding of the system's temporal flows, its spatial flows, and the patterns of meaning being generated in the system, or in other words, when, where and why something will happen. I have already highlighted this peculiar capacity in the last section and labeled it the process of intunement. Beyond this, however, thinking globally includes focusing on relationships and processes rather than individuals and things and it means using dialectic both/and thinking as opposed to categorical either/or thinking. Acting locally takes the power of systems thinking and applies it to specific local situations and issues. When I say thinking globally and acting locally, this is essentially what I mean.

Thinking Globally

...the underlying currents are a movement toward holism, toward understanding the system as a system and giving primary value to the relationships that exist among seemingly discrete parts. Donella Meadows, a systems thinker, quotes an ancient SULI teaching that captures this shift in focus: You think because you understand one, you must understand two, because one and one makes two. But you must also understand and.” (Meadows, 1982 in Wheatley, 1992 p. 9)

This quote is quite relevant to the present discussion. Wheatley (1992) points out in her discussion of Meadow's comments that a holistic, systems, view of the world involves looking beyond the parts and at how those parts belong to a
whole as revealed through their interrelationships -- or in other words the "ands." One can easily see how this systems logic fits ODMH's strategic logic. In a practical expression of holistic, systems thinking, Director Hogan's midcourse correction recalibrated knowledge generation and managerial activities from focusing on pieces of the mental health system (e.g. hospital functions, board executive personalities, hospital CEO personalities, specific community services) to focusing on nurturing and developing whole systems of care. He also clearly defined the nature of the business to be about managing and orchestrating relationships - relationships between the department and communities, and the department and its hospitals. Again, I have already made this observation, and it too fits quite nicely with a holistic view of the world. As more evidence for the relevance of holistic thinking, when Director Hogan read Peter Senge's The Fifth Discipline a systems theory book highlighting holistic thinking, he exclaimed, "this is it!"

Seeing local systems as "whole" systems and seeing ODMH's "jobs" as relating to those whole systems is essential to the global thinking that I identify. The Director's orientation to the system focused on relationships, wholes and not parts, and on the processes for managing both. This orientation was clear by our first interview. It was true of our second interview, our third interview, our fourth interview with him and so on. There were, of course, times when we engaged in non-systems type thinking, but those were
sporadic and infrequent.

Even his basic approach to leadership was not a "thing" or a static set of principles to live by, but rather it was a relation between the leader and the situation; the leader and employees, the leader and local systems; the leader and the legislature; the leader and the Governor, etc. Who he was as a leader and a strategist depended upon the situation he found himself in, or the situation that he, himself, had created. The leader, led, and situation formed a mini-system where without the "led" there would be no leader and vica versa, and without a situation there would be neither.

He had three metaphors that helped him to recognize situational dynamics and patterns and the appropriate repertoire of skills that might be required to manage the situation. At times he was a chess master, establishing positions, developing strategy, conserving resources yet working to check mate. Other times he was performing a guided tour of the sights while showing something new and exciting within the comfort of a comfortable bus. He was also a gardener, he planted seeds and sowed the ground to grow new ideas and cultivate strategy and talented managers.16

Hogan's leadership metaphors are defined as relationships: tourguide-tourist, gardener-garden, and chessplayer-chessplayer. Who the leader is and how the leader act depends on the relationships involved and which themselves are conditioned by the dynamics of the situation and context. Which is to say - leadership is never the same.

16 Director Hogan has authored an unpublished paper on his three metaphors of leadership. We have encouraged him to seek publication.
There may be a limited number of ways to act and think, but since the situation is never exactly the same, nor is the leader exactly the same, leadership is never exactly the same. It is not that leadership is somehow disingenuous, it is that, in a word, leadership is quantum. Indeed, from this perspective, we are all quantum.

I think it's really important to find out who one is and to choose places to be in that are relevant for who you are...I think there's something to person and environment and sort of stepping out of body and figuring out how to be in a certain circumstance and what choices to make is pretty important. (Hogan, 2/19/92)

Contemporary leadership theories are beginning to move toward a quantum view of leadership. Contingency approaches to leadership (e.g. Fiedler, 1967; House, 1971; Bryson and Crosby, 1992) suggest that certain situations call for certain styles of leadership and that leaders can best prepare themselves by cultivating any number of different leadership styles to fit the occasion. Robert Quinn's (1988) discussion of managerial excellence is reminiscent of situationally dependent leadership. He describes several leadership styles that can be used contingently or simultaneously to deal with various leadership moments. Max DePree (1989) identifies what he calls "roving leadership" which is essentially situationally based, expertise based leaders who "pop-up" at certain times to take charge. Kelly (1992) reports a study which describe technicians on US naval aircraft carriers taking charge in the "white heat of danger, when the entire system threatens to collapse. Then cogs can become big wheels." (LaPorte,
Rochlin, and Roberts in Kelly, 1992. p. 226) The hierarchical arrangement on these aircraft carriers, which is often presumed to be best suited to crises, was in fact, only in operation during stable situations. These technicians took the lead in crises.

Hogan's metaphors were "roving" in that leadership styles move from background to foreground instantaneously depending on the situation. There are two other interesting things to note about Hogan's metaphors. First, after having watched and listened to Director Hogan over the course of two years they were very insightful in their descriptive power and their prescriptive use. Second, all these metaphors describe processes. That is to say, what is being managed, shaped, grown or developed are processes: the tourists learning, the plants growing, and the chess opponent gaming and strategizing. Moreover none of these metaphors assume the leader to be in a position of hierarchical dominance or control, nor do they assume the inherent preeminence and permanence of leadership. Tourguide, gardener and chessplayer are neither "in charge" as in a traditional hierarchical relationship nor are any of the relationships permanent - the tourists get off the bus, the chess match ends, and the plant bears fruit and dies. New and different plants grow every year, each tour has a different personality, and every game a unique quality -- all exist in a constantly changing, jumpy relationship in time and space.

The transition from a clear, precise, visionary leader to a situational, process-based leader can be very, very
difficult for staff. It is not monocularly focused and value specific. This sort of leadership is free-flowing. It gently shapes and prods, rather than forces and pushes. Rather than "overcoming resistance" it cultivates and grows compliance. Rather than being bottom-lined, it establishes a few parameters and fenceposts. Holistic thinking, focused on relationships and processes, held important implications for appropriate action taking. ODMH staff had a difficult time moving from the concise and clear network of ideas and an equally clear and powerful vision that they all or most all believed in to the contingent, situation based, free-flowing, autopoietic leadership.

Mike would say at meetings, I keep hearing these comments that our direction is unclear, and I don’t understand why you don’t understand what the direction is, it is blah, blah, blah, unless of course... but if this... then this... and it drove a lot of people nuts. We feel better about it now, but back then... (Anonymous)

I shall explore specific moments of how relational and process orientations affected local action taking after discussing the third and final element of global thinking -- both/and thinking.

Both/and Systems Thinking

Thinking globally is also characterized by "both/and" as opposed to "either/or" thinking. Both/and thinking is biased towards looking at multiple perspectives and seeks to find solutions which transcend, rather than generates zero-sum, either/or dynamics. Either/or thinking is biased towards parts, groups, categorization processes, and fragmentation. Either/or thinking can have an alluring presence. It has the
capacity to generate ingroup kinship and outgroup stereotypes and prejudices. It can provide that sense of belonging that all of us seek (Turner, 1987). It provides a solid foundation of "I" because it separates us from them, and me from you, and the observer from the observed. It is also a socially supported process in which children, learn to break things down into their constituent parts, analyze them and disconnect themselves from whatever it is they are analyzing (Kofman and Senge, 1995). We group ourselves into neighborhoods, and religious affiliations, and baseball teams, and we are always on the "right side" of wars. Fragmentation and separatism is rampant without our society and within our thinking (Bohm, 1980). Either/or thinking has been socially legitimated and institutionalized and it has crept into organizational processes and interorganizational processes at nearly every opportunity.

Both/and thinking can rebalance these powerful though derisive and potentially dangerous thought processes. Torbert (1987), applying the theories of ego development to management, identifies several stages of managerial growth. His sixth and most complete stage the "strategist" describes the highest level of managerial growth. Torbert argues that the thought processes of these individuals is cognitively complex relying on transcending "paradox and anomalies... and [responding] flexibly to historical processes as it generates events." (Torbert, 1987 in Quinn, 1988, p. 7). Torbert believes that these high-level strategists have the capacity to generate "new orders" in which all frames are seen as
relative, with none being better than the other.

I believe Hogan thinks in these both/and patterns. I also believe this type of thinking produced small changes that had big implications. A perfect example of this both/and solution of transcendence is the way Hogan’s leadership team approached hospitals. There was a powerful preexisting belief that hospitals should and had to close to finance the development of community systems of care. I’ve already talked about the prevailing attitude that hospital employees just didn’t count, or weren’t part of the program, and that it felt like it was the department aligned with communities “against hospitals.” All of these “groupist” leanings pitted hospitals against communities. Hospitals tried to figure out ways to save themselves and communities pressured the state to close them and distribute their funds. Hogan, instead of saving the hospital or complying with community wishes asked the question, “how can we do both?” He asked this question in the case of the transformation of two children psychiatric hospitals and in both cases the hospitals were not closed they were reengineered into two completely new organizational forms. These new forms were community based, leaner, meaner, more productive and with excited employees working at the cutting edge of state government. I demonstrate in chapter four that these solutions actually raised performance levels in hospital capacity and raised dollars going to build communities. The approach Hogan took was a decidedly dialectic solution involving a both/and solution rather than an either/or
solution.

Other situations that illustrated a propensity to find both and thinking and synthetic solutions can be found in his approach to management and decision making, his approach to connecting with the senior management team, and his propensity to “recalibrate” issues to emerging conditions like the transformation of mental health services to deal with both persons with severe mental illnesses and the abused child who arrives at the door of a mental health center.

In each of these cases, the propensity to grab hold of both horns, instead of one at a time (Hampden-Turner, 1990; Hurst, 1986) (e.g., hospital v. community, top down v. bottom-up, self v. other, old v. new, and SMI v. other services) translated into solutions that generated relatively small, localized movement but with big transformative possibilities as they were made with the entire system in mind.

The very concept of a midcourse correction is itself a both and solution that synthesizes the past with the future.

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17 Director Hogan would often cite Nonaka’s (1991) “Middle-Up-Down Management” which emphasized neither a top-down or a bottom-up approach but a synthesis of both yet different from either.

*Director Hogan “had an orientation of trying to work with [them], and convince them to do things my way, and convince them that I would do things their way ... to reach an accommodation about mission and direction.”

8 The mental health act was mostly concerned with providing better services to persons with severe mental illnesses. Director Hogan saw a real tension between dealing with the abused kid and the family of the abused kid when they show up at their front door of your clinic and working with persons with severe mental illnesses. The recalibration, in his view, was not about the diminution of interests of serious mentally ill people. It was about finding a shared investment at the community level which would involve shared decision making around how to do that at the local level. Director Hogan cited Toledo’s model, in which they took two of their four of their agencies and had them specialize in taking care of persons with severe mental illnesses, and had the other two specialize in doing the “other stuff.” But the important point is that Toledo found a way to do both, but without a reduction of benefit to persons with severe mental illnesses.
Midcourse correction is not based on obliterating the past and canonizing the future as is typical of turnaround processes but rather it is based on being simultaneously respectful of both the past and of the future, while weaving in new ideas on how to get there.

Acting Locally

A good sense of relevance and timing is often treated as though it were a gift or intuition rather than something that can be learned, something spontaneous rather than something planned. The opposite is nearer the truth. One is more likely to capture the moment when everything one has learned is readily available... perhaps it is our training in linear cause and effect thinking and the neglect for our capacity for imagery that makes us so often unable to see the multiple potential of the moment. Entering the situation blank is not the answer. One needs to have as many frameworks for seeing and strategies for acting available as possible. (Quinn, 1988 p. 110)

Acting locally means making global thinking work in specific, real-time, on line situations. Situations can appear instantaneously, slowly develop, or be actually created by leadership and organizational staff. This is why intunement and holistic thinking is so critical to this style of change. In order to act locally in an enlightened way, one must understand how to prepare, read and react to these moments.

The ability to translate global thinking to local situations is the core art form of this change process. This meant searching, finding, creating and exploiting critical moments in time to plant an idea, a way of thinking, and then to cultivate its germination and growth throughout the
system. Localized action produces the appearance of small bit by bit change but all the while deeper, fundamental root change is gaining speed.

The change process relies on these small jumps to maintain momentum. Each jump represents a potentially big transformation of system wide patterns. I have cataloged some of these small "jumps" that characterized the incremental change process observed. Though I have surely not captured them all I have captured enough to draw some early conclusions about acting in the moment.

Reading, Acting, and Living in Micro-Moments

One of the victories of our research approach is that it is executed as close to the ongoing action of real time leadership as possible. In some cases I was actually part of the moment of change itself. In others I was able to access a variety of perspectives and opinions about the moment in question.

This particular incremental change process thrived on the ability of its orchestrators to read and create significant moments and then to manage those moments in a way that moved the system forward. There were several different types of important micro-moments in the current change process.\textsuperscript{20} They were: scripted encounters with key external stakeholders, confluence points, reframing moments, and micro-moments which generate new strategic and tactical pathways.

\textsuperscript{20} We gauged micro-moments to be important if Director Hogan identified them as being critical or important either just before or after the moment occurred.
Scripted encounters with key external stakeholders. These micro-moments involved formal and informal meetings between key organizational members and the external environment. Key stakeholders included those who could wield some level of influence over the strategic direction of the organization. Such encounters were scripted out in the sense that they were semi-planned and semi-usual, meaning that the quality of such meetings were somewhat predictable. On the other hand, despite their familiarity, these meetings were crucial because they represented myriad opportunities to (1) "feedforward" or to provide a glimpse of what strategic actions or ideas might be employed in order to anticipate stakeholder perspective and likely response as well as their thoughts about the perspective and likely responses of others; (2) soften the ground for upcoming organizational strategy and/or tactics (3) block threats from coming to fruition by letting people know your plans before taking action thus building connections and good will with key opinion holders and (4) generate new ideas with important system wide implications.  

Key external stakeholders included state legislators, other state agency heads, union

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21 The one instance we found involved the Speaker of the Ohio House of Representatives, who most know as the most powerful person in the State - bar none. The psychiatric hospital in Portsmouth (Riffe's home district), was very expensive and had few clients. Hyde didn't even touch it. One of Hogan's first courtesy calls was to Riffe. "I said to him then, Mr. Speaker, we've got a problem. Your problem is you need to have it there, and I agree I like having it there to, nice little place, takes good care of people, like the folks down there. Only problem is it's costing us a million bucks. My problem is how do I keep it there without it costing us a million bucks. So, I'll go think about some way to do something with it that keeps it there, keeps people's jobs, but does things differently. His eyes narrowed for a hairs breadth, for a thousandth of a second and then he said you just go right ahead, and just let me know. In two years the Portsmouth paradox had been solved and the Portsmouth model, which was a paper merger with a private hospital, was being discussed as a possible solution for other hospitals as well.
executive leadership, the media, and the various mental health interest groups and associations. The Governor was also a key stakeholder although it is unclear whether ODMH viewed him as being internal or external to the organization. See Appendix A for a complete listing of critical micromoments categorized under ‘‘scripted encounters with key external stakeholders.”

A special subcategory of scripted encounters are those in which anger and emotion are involved. These moments are not scripted in the same way that a meeting with the speaker of the house is. But, they nonetheless follow a scripted approach. Director Hogan called it “normalizing” relationships. In at least three instances he used this phrase to describe responding with some anger or emotion in order to counterbalance anger and emotion. His script for anger and emotional situations involved responding with anger and emotion. He could call this script forth using calm and rational reflection and be both calm and angry in the moment. In one instance, he used the technique to tell a reporter that he had been wrong to write a story about a particular state hospital. Later he would reflect, “I don’t think he thought he was wrong, but he probably will think twice next time.”

I found that an emotional tag on a micro-moment can send an immediate and a significant reverberation throughout the system. For example, I had been told and later observed that board directors were often publicly compliant and even deferential to the Director. Of course this did not include
everyone, nor did this mean local folks were not usually
deferalential to the Director of the state agency which
provides the majority of their funding -- some were. But the
changed demeanor toward this Director was noticed by several
insiders. I also observed the dynamic first hand, and it did
seem slightly odd. So, I asked a handful of board directors
in different parts of the state. Their explanations included
a story about a moment in time when the Director got into a
heated, intense, and near physical confrontation with a
community board director. The powerful imagery of the
episode made a significant and swift ripple across the state.
Groups of boards were actually agreeing apriori to take a
subdued stance toward the Director and submerge their private
anger toward departmental actions.

Whether fact or fiction, the imagery had a powerful
affect on board-department interactions henceforth.
Interestingly enough, the story contributed to a
collaborative context and clear-headed thinking in future
intersystem disputes and discussions. Meetings between
boards and the department were friendly, collegial, and
helpful. Participants were not wrapped up in "telling the
Director what they thought to his face." Several discussions
with other board executives across the state and with some
department staff confirmed these observations of Director-
Local meeting cultures.

Confluence Points

A confluence point is another critical micro-moment. A
"confluence point" is a point in time and space in which two
or more "flows" join together to form an opportunity for moving the strategic agenda forward, or conversely a threat which must be managed to prevent trauma to the strategic agenda. Kingdon (1984) would call these confluence points windows or choice opportunities. "Flows" refer to events, actions, and/or attitudes that are connectable over time by an identifiable theme.

There were several "naturally occurring" and artificially created confluence points during Director Hogan's first two years. One clear example was the cultural diversity issue quoted earlier where the Director sensed that multiple trends and forces were converging on a particular point in time and in space presenting ODMH leadership with an opportunity to move their agenda forward. Another clear example of a naturally occurring confluence point involved an informal meeting with the Director of the Ohio Department of Youth Services.

I had an on the spot, stand up meeting with respect to an emerging possibility that is very intriguing. It has to do with our interface with [the Department of Youth Services (DYS)]. [It has been] focused for some time on the need to build or acquire a specialized juvenile facility for mentally ill kids in their custody. [There was an] aborted effort a couple of years ago. [They] got a capital appropriation to build, and spurned by [the city of] Upper Arlington... [The DYS Director] asked if we had any land in the northeast to build a facility. We operate a children's psychiatric Hospital which for the last year or two has only had 20 kids in it. Over the last year or so the boards have been doing a lot of planning around getting their kids out of Sagamore Hills...and closing the facility. So instead of land, I suggested that we could give him a hospital with staff in it -- and he was intrigued...I got OBM and the Governor's office in from the get go. We didn't know if we could do it financially but

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everyone agreed that it was an attractive proposition. We would need to get cash in return, so we could invest in community services...
Potential confluence of events. Instead of giving them land, give them a hospital. (Hogan, 2/19/92)

The informal, unplanned conversation with the DYS Director opened up a tactical option that could simultaneously negotiate/align several growing currents simultaneously. (1) It would free Sagamore's budget for community use and thereby satisfy the growing demands from boards and agencies to close the hospital (2) It would also avert a battle with the unions over layoffs since everyone would keep their jobs escalating. In many respects Sagamore would be the ideal hospital for the union to make a stand for. It was considered to be a good to excellent provider of children services, it had a quality staff, and was considered by many to be the Cadillac of state hospitals in Ohio. If the union were to make a stand, Sagamore would be a good place to do so. (3) The staff would continue to work with children and be preserved as a valuable resource in the system. (4) Finally, DYS would get its badly needed facility with a top-notch staff trained in dealing with the mental illnesses of juveniles. All of these factors were present in Director Hogan's mind at the time of this confluence. He capitalized on the opportunity swiftly as the "right" thing to do was exceptionally clear.

Such opportunities pop up infrequently and had Director Hogan not been attuned to the critical flows of the system he may not have recognized and capitalized on the opportunity offered. Hogan was clearly plugged in and watching these
dynamics unfold over a period of time. Director Hogan made sense of the morass of action, patterns and currents, tracking them so he could understand their underlying dynamic and deal with them strategically at an appropriate point in time.

Reframing micro-moments

Another critical micro-moment type involved the process of reframing or the generation of a new frame of reference or a new way of looking at something. Such reframing is difficult to come by, and even tougher to capture as part of a research process. Many descriptions of successful change assume that a frame change has occurred among organization members. These descriptions neither describe the moment of the reframe nor do they try to understand the local dynamics surrounding the changed attitudes. They simply assume that the vision, strategy, structures, goals, facts or some other tool of management worked. The present research actually takes a close look at these micro-moments at the point in time when the actual reframe occurs.

I examine four reframing moments, which I have either observed and tape recorded as it was occurring, or I have reconstructed them based on leader and staff accountings who themselves were present in the moment. These four micro moments are described in Appendix A and are summarized in Table 4.

There are several important insights surrounding the reframing micro-moment in the present case. They all occurred in multi-group, face-to-face, participative planning
processes. This makes some sense because reframes supportive

<table>
<thead>
<tr>
<th>M1</th>
<th>M2</th>
<th>M3</th>
<th>M4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Context</td>
<td>Participative Face-to-Face Multi-Group Process</td>
<td>Participative Face-to-Face Multi-Group Process</td>
<td>Participative Face-to-Face Multi-Group Process</td>
</tr>
<tr>
<td>Managed Moment</td>
<td>Some same, some new: Give participants sense of comfort</td>
<td>Some same, some new: Give participants sense of comfort</td>
<td>&quot;Politicking behind scenes&quot;</td>
</tr>
<tr>
<td>Catalyst</td>
<td>Throw in union issues</td>
<td>Let's make a deal metaphor</td>
<td>New board directors with pragmatic views</td>
</tr>
<tr>
<td>Reframe</td>
<td>Union is an important player</td>
<td>View of problem not from self interested perspective</td>
<td>Attitude of how to make it work, not stop it</td>
</tr>
</tbody>
</table>

Table 4: Reframing Micro-Moments

of Hogan’s midcourse correction involved shifts of the mind not toward another extreme, but rather toward the middle or toward a synthesis of perspectives. Groups have been known to have a compromising effect on their members (Moscovici and Doise, 1994). People in groups often naturally seek out a middle ground compromise position.

Second, they were all preceded by actions which were specifically designed to produce attitudinal change. None of these actions were "control" oriented. Rather, they invoked cajoling, prodding, and facilitating self-organized movement. In M1 and M2, the participative processes installed were
explicitly scripted to look like and feel like the participative planning processes people grew accustomed to in the Hyde administration (some same, some new). The rationale for scripting the process in this way was to provide participants with a sense of continuity with the past to give them a "place to stand" so they could feel secure in moving toward a modified future. In M3 Hogan set forth specific parameters within which new planning around the downsizing of the Millcreek Children's Psychiatric Center could occur. In other words, local planners could do whatever they wanted as long as it fit within the confines of departmental parameters (parameters consistent with Hogan's midcourse correction). Departmental agents also actively "politicked" and persuaded local board directors to think regionally and collaboratively rather than hierarchically and competitively. In M4, the department and boards set aside several days devoted completely to understanding the dynamics, conflicts, problems, and issues associated with the conversion of another children's psychiatric hospital - Sagamore Hills. Those meetings capitalized on structured group processes to reestablish a sense of collaboration between the conflicting parties by revealing and then dealing with the underlying tensions of past conflict, misunderstandings, and fundamental disagreements.

Third, each moment was immediately preceded by an intervention of some exogenous "catalyst." M1's catalyst was the careful insertion of "union issues and concerns" into the planning process. M2's catalyst was twofold. First, all the
participants in this particular planning process agreed that their next meeting would be a day of making decisions. So, people came to the meeting ready to make tough choices. Second, as broadbased decisions with overarching implications started to build the facilitator of the meeting threw in a new “lets make a deal” metaphor which allowed the participants a way out of making statewide policy for local autonomous units. M3’s catalyst was the introduction of two new board directors with different views and fresh perspectives. It was the utterance of one of these fresh perspective that actually constituted the reframe moment. M4’s catalyst was a “bubble” metaphor which, when introduced, allowed all the participants in the room the luxury of speaking thoughts without any real world consequences. In all of these cases, the germinator was an idea -- a metaphor or something else that facilitated cognitive readiness, mental energy, and a new meaning to their experience. Figure 4 presents a tentative model of the reframing experience in Ohio mental health.

The participative, face to face, planning process was particularly fertile ground for producing a reining experience. Groups display natural tendencies towards compromise and the middle ground when highly divergent selves are put together to solve a common problem. This is represented in figure 4 as the increasing pressure to compromise. I also view the managed context, that is to say, the various contextual tactics employed to produce changed thinking (e.g. identify and agree to a day just to make
Figure 4: Reframing Pathways in Increments

decisions, establishing firm parameters for discussion purposes, creating a sense of time pressure) as collectively increasing the pressure to change. Both of these escalating pressures - the pressure to compromise and the pressure to change eventually reached a point where participants were ready to move on. The insertion of a catalyst at this point in time provides the energy to get "over the hump." The catalyst sparks a small change and then suddenly the moment is reframed.

Encounters that Generate New Strategic and Tactical Pathways

The last category of critical micro-moments involve situations where the leader actually creates new strategic space. These micro-moments are the points in time when the CEO crafts a new vision, new goals, new strategies and comes up with different ways for organizing the mess before him.
Director Hogan pinpointed one such sequence of micro-moments that led him to conceive of the need to craft a new vision for the system. The first encounter was probably the most significant one.

I think the strategic direction is starting to emerge, which is interesting, even though it is a long way from being clear. In talking with several categories of people, actually in the past 24 hours, two very significant conversations which have clarified stuff. I have been getting from a lot of different places, there's unrest, people are unsure, things are up in the air, people want clarity, nobody knows what direction is, people want structure, etc. But I knew all that. I'm trying to figure out what does that mean, what do I do about it, because maybe that's what they think they want but that may not be what they need. One was a conversation with Grace Sills, old and very wise. She came to see me, actually asked for the chance to chat. [She is the] chair of study committee of mental health services. They've been holding forums around state. [She] saw me after having done four of them to share what she thought was a distillation of what was going on, which was really right on target. She was seeing lots of unease, unrest, edge of seat, anger, frustration, because people are nervous about the present. The way she described it was all the people's problems now represent are a here and now cross section of stuff. People have lost connection to past and don't have a connection to the future. There is a tremendous amount of what's happening now, people want answers now, and are upset about now and all that stuff. Really, really good. What she was thinking about, here we are in the middle of this change and this is what people are saying, so what do you do. The thing that that connects to is that I've been thinking about, and have had some sense that, I really haven't done much about the thinking about mission, because by and large, the mission that people had was ok, and I also wanted to communicate a sense of respect for it, so I said the mission is ok. What Grace was suggesting, in a way, is that people need to have the mission redefined for them, because they can't fix the present, they have to get angered in a sense of future, that is optimistic and compelling, and that will give them enough security to do the here and now. The emerging plot is that it is time to be
thinking about crafting, articulating, developing consensus around a mission, and the mission thing has to be true to the past, but has to go deeper and further... I'm thinking about mission, or maybe vision is a better word for it is ultimate goals, why are we doing all of this, and how will we know when we get there. (Hogan, 6/19/92)

Notice that the "other" in this case, Dr. Sills, shares familiar observations which are consistent with Director Hogan's own observations, yet simultaneously she adds a new twist to it - that people need a sense of future to provide them enough sense of security to act in the present. In one respect, it is a message crafted in a way similar to the message Director Hogan crafts in his attempts to be generative with others - the message is both old and new. Probably the more important point, however, is that the message speaks to the deep, cosmic flow of the system which as I discussed earlier is critical to this change process. This initial conversation enabled a new insight while the next conversation catalyzed it into something tangible.

I had another conversation about ten days ago, with one of the regional deputies and we were riding somewhere and I had to do some sort of rubber chicken thing at a county board up in wood county, way back actually and we were just chatting. She asked a question that was very helpful at that point in time, "what are we going to do next?" which is a diff. version of what's the next big thing that we have to do. I had that on my mind, in part from having to make another presentation about six weeks ago now, to a group of consumers in Lucas county, they had asked me to talk about empowerment, what is it what does it mean, what do we do.?, blah, blah, blah. This is starting to come together. When I talked about empowerment to those people back then, what I said was that it was different than the way people had been thinking about it and people had been thinking about it in largely political terms, and they've been thinking about measures like consumers on boards, my view
was that every individual person had control of their lives, and in some fashion had control of the system instead of the other way around so it wasn't macrocosmic, it was microcosmic. I was thinking about that, and then thinking about it with Jessica, made me think it was a cornerstone of something and then thinking about it with Grace, made me think that this is what is is, or at least this is a key, this is a cornerstone of the yet to be articulated vision or mission (the empowerment of the individual) (Hogan, 6/19/92)

Similar to the reframing process observed in reframing micro-moments, this discussion provided a context conducive to thought and reflection and also acted as a catalyst in the Director's thinking. "What are we going to do next" was a question asked by many people at different points in time, but at this particular moment it was the right time to ask it. Clearly, it energized his thinking.

Finally, Director Hogan had a third discussion which served to crystallize his thinking even more. This discussion was with an external consultant Director Hogan often used to bounce ideas off of.

She sorta said something felt like what Grace was saying... that people are very stuck in the here and now, and that there is this big thing about who am I? Some people are saying we need leadership, somebody needs to lead us out of this swamp, and implicitly or explicitly that's my job to get out of this swamp, and there's also thing [that] my job is to tell people what to do and why don't I do it. In a way its like what Grace was saying but its different, because she was talking about big picture long range, Estroff was saying you need to figure out a way to show them something now, that gives them something to work with and react to. So the broad strategic thing that is emerging out of all of that is - I'm still several months away from being real clear, but I'm going to start unfolding this with people to see what happens. One strategic thing is to lay the groundwork for a
rearticulation of the vision. That rearticulation has two elements that so far, aren't complete, but [they are] two linchpins. One is this thing about "beyond empowerment" - self control, self actualization -- which has enormous ramifications...what people have been going through is a 60's kind of empowerment - consumers [represented on] boards, traditional mechanisms of power have to be taken apart, etc. Second cornerstone of this has to do with a vision of community or interdependency that goes beyond the mental health services... and has to do with community responsibility to support people. (6/19/92)

The change process was characterized by these small jumps, created by purposive strategically local actions. Though I cannot capture all of these jumps, the ones I did capture are some of the more important ones, or at least they were identified as important by the principle players involved. The next section looks at what happens after these micro-moments.

Action Attractors

Thinking globally and acting locally, though themselves daunting tasks, are by no means all there is to managing change. Perturbations of the moment may not have any effect on the system whatsoever. As we saw from our description of micro-moments, some of these moments, such as the story of aggressive and tense behavior quickly changed system relationships in a positive way without any assistance whatsoever. Others had significant system wide effects, some intended, some unintended.

What happens after the significant micro-moment is just as important to the change process than the initial spark
created by departmental intervention. That energy has to be funneled in some fashion to capitalize on the strategic resources thus created. It takes on the quality of a fragile order, because it is a local order that has the potential of reordering the entire system. Speaking of the hospital futures reframe...

In several different spheres I have a sense that a preliminary or superficial order has been created but it is tenuous and limited to a relatively small circle and that people outside that circle are restless. One example is executive committee, and another is the hospital futures group. There is an explicit but superficial agreement among constituencies in the hospital futures group. The question is, can those people in that meeting take it back [to their constituencies] -- probably no, so unless that continues to get managed it will fall apart. (8/6/92)

The sense of fragility was true of most of the reframing processes and other micromoments. They were viewed as the beginning of some larger process with unknown outcomes. The final subprocess of this incremental, midcourse correction attempted to expand and entrench that fragile order throughout the system by laying down "action attractors" to collect action flows and redirect them in desirable ways. These action attractors came in three general forms; (1) specific fenceposts, or to use the gardening metaphor -- tomato stakes -- to guide subsequent action and decisions; (2) core ideas, and (3) action "dams."

Tomato Stakes

The most common post-moment posture taken by the department was akin to Hogan's gardening metaphor. After the gardener plants his seeds he creates an environment conducive
to its growth. Then the gardener watches and nurtures the budding plants. Tomato-farmers will tell you that placing a wooden stake near the plant is critical to the development of a wide and full girth. The stake helps the stalk support the weight of its fruit thus allowing it to grow wide and plentiful. It is really one simple but significant action to help the tomato form along a desired path. It gives the tomato plant something to hold onto. A number of actions were taken to grow the fragile orders of important micro moments. Table 5 lists the tomato stakes used by each of the reframing micro-moments. As few stakes as possible were used. These were just a few strategically planted stakes to help local planning processes form along certain pathways. As it turned out, all four of these reframing moments helped to change the system. In M1 and M2 the implanted stakes produced locally agreed to solutions around every state

<table>
<thead>
<tr>
<th>Reframing Moments</th>
<th>Tomato Stakes</th>
</tr>
</thead>
<tbody>
<tr>
<td>M1:</td>
<td>Regional Based Planning including union reps.</td>
</tr>
<tr>
<td></td>
<td>Distributed reframed criteria to guide regional planning process</td>
</tr>
<tr>
<td>M2:</td>
<td>Established four guideposts for planning process</td>
</tr>
<tr>
<td></td>
<td>1. Plan must include no-reject policy for inpatient services</td>
</tr>
<tr>
<td></td>
<td>2. Plan must include state operated services</td>
</tr>
<tr>
<td></td>
<td>3. Plan must be consistent with other hospital outcomes</td>
</tr>
<tr>
<td></td>
<td>4. Plan should find regional solutions to regional problems</td>
</tr>
<tr>
<td>M3</td>
<td>Established informal Council of Governments to oversee Sagamore SOS in short term</td>
</tr>
</tbody>
</table>

Table 5: Tomato Stakes and Action Attractors
hospital -- and these agreements were signed by boards, agencies, consumers, families, and the hospital and union workers. Even Hyde could not secure this sort of cooperation. In M3 and M4, local participants came up with local solutions. The innovations they have produced regarding programming, medicaid reimbursement practices, SOS supervision issues, and filling local service gaps have served as a model for the rest of the state. Longstanding statewide issues have been partially and in some cases fully resolved. All of this was accomplished with a new attitude and a few action attractors.

**Ideas as Action Attractors**

In addition to these specific actions taken to nurture and grow fragile orders were formal organizational thrusts as expressed in ideas. Ideas served to collect and broadly order the acceptability of action in the system. I specifically use ideas instead of strategy because while strategies were relatively flexible and impermanent, changing and being changed by issues in a continuous cycle of coproduction (Frost-Kumpf et al, 1993), the ideas that framed the foundation for the midcourse correction never really changed. The ideas, in effect, collected action and gathered steam and they eventually formed the department’s formal strategic agenda. About a year and a half into Director Hogan’s tenure his executive team came up with these four strategic thrusts:

- Hospitals
- Reframing board-department relationships
- Family and children’s issues
- Quality
The genesis of the strategic thrusts can be linked to Hogan’s midcourse ideas about hospitals, threatened quality of service, and the need to change board-department relationships. The family and children first initiative was directly related to the governor’s personal agenda to improve the quality of life for children in the state. These initial ideas clearly dominated most of Director Hogan’s reflections during the first two years of our sessions. How these initial ideas were implemented and played out over time changed incrementally, but the notion that a change needed to occur along these lines hatched within the first year of Hogan’s tenure. In fact, these ideas accounted for about 2/3 of our initial meeting - the other 1/3 being devoted to an orientation to the departmental reorganization, a discussion of his midcourse approach, and brief highlights of some of his more important meetings with stakeholders. Six months later each of these strategic thrusts had agreed to a workplan and an identified point person on the executive committee (“the inner circle”) to shepherd the action onward.

While tactics and issues and actions were swirling around these core ideas, the core ideas themselves never changed significantly. The ideas and early assessments about what needed to occur in the mid-term continued to control the strategic agenda of the organization through the first 3 years of the process. Indeed, in the wake of important micro-moments, their growth remained consistent to these core thoughts.
Ideas attracted action in many other ways in addition to strategic thrusts. Hogan would often notice things and talk about them and suggest new ways of looking at dealing with problems and opportunities. But, usually, he would not tell people to do something about it. He would simply lay it out and hope that someone would pick it up and run with it. When they did he was ecstatic because they took the initiative and because they were committed to it.

**Action Dams**

The third and last “action attractor” could just as easily have been included as part of our “local action” section, because it completes the loop from action attractors back to global thinking and local action. Action damming refers to ODMH’s peculiar but distinct tendency to wait, watch, and look both ways, and both ways again, before crossing the street. On its surface, action appeared overly cautious, overly analytic, too academic, and excessively contemplative. I think that when Buckminster Fuller said - “if in doubt, don’t” he might have been thinking of ODMH’s preferred style of action taking. I do not mean this as a criticism. Indeed, it is interesting to note that one of this country’s greatest innovators of modern times was actually risk-averse. I prefer to relate ODMH’s action style to another Fullerism - “maximum gain for minimum outlay.” Compare Fuller’s logic to Hogan’s observations on action taking.

My own sense on how to do that is to not react too fast...but to wait and see what really has to be done, either because it is unavoidable and the situation calls for it or it is genuinely the time that if you do something it will result in things
happening. Not to get too busy about this stuff and hang back and listen to what's going on and to keep in mind the long range goal and to keep in mind the dynamics and figure out when is the occasion to have the meeting, to make the phone call, to do whatever it is that can really - when in the equation to put the catalyst in.

The assumption is that what is "right" action will eventually present itself, and taking premature action could, not only have problematic and unforeseen consequences, but it also needlessly drain valued human energy in unimpactful ways. Waiting and watching until the last possible moment is, when looked at in this fashion, an organizational operationalziation of Fuller's maximum gain for minimum outlay.

This meant that the action-oriented, single-minded actors Hyde had amassed and Hogan preserved as well as the action-oriented community activists had to stop at each hurdle and figure out if the hurdle was the right one to jump over or was it the hurdle next to it, or the one next to that, or one of the many other multiple hurdles possible. Most people thought the track they were all running was the right one, and getting to the finish line as fast as possible was the only goal. This last action attractor made action and thinking pause, to tune into the emerging conditions and to refocus, not on the hurdles themselves necessarily, but on the track itself.

The Hallmark of the first 2 or 3 years was...you had been going since Pam Hyde walked in the door, this place had been an express train and it had been accelerating and accelerating and accelerating, and everyone knew where that train was going, and we knew what was around that bend, and we hit it and they did it, and we went and kept going and kept going, and we all knew where we
were going... and then Director Hogan comes in and he wanted to contemplate the nature of the universe. Everyone said, all right... all right... it's going to take him some time to figure out where we're going but when he does then we're going to go, go, go.... but we didn't go. I mean there was a lot of let down, I think... the brakes have been applied and probably rightly so. If you kept the train running that fast we might have gone too far, might have left our constituency behind, we might endanger our entire trip. It didn't feel right at the time but it does now. (ODMR employee)

Action dams took the form of participative department board processes, regional intraboard processes, resisting "telling" people what to do, or "giving them the answer," and prodding local and state planners to pause and think about the track and not just the hurdles.
CONCLUSION

I have outlined a model of a particular kind of incremental change process -- a mid-course correction. Using our descriptive framework of change processes, from our introductory chapter (see Table 2) the present midcourse correction involved a first-order change of small scope, a change involving discontinuous flow with change occurring in small jumps, a change in strategy direction and a change in speed (from fast to slow and to fast again). In some ways, this incremental change was not incremental at all. For example, speed-wise, ODMH moved dramatically from fast paced monocular, value-driven change to relatively moderate-paced, "multi-ocular" and idea driven change. In keeping with our nautical analogy, Director Hogan slowed the engines to assess the changing tides, currents and upcoming weather systems. He moved the system from a world of action to a world of ideas and thought. Strategy-wise, ODMH shifted from a transformational strategy (Frost-Kumpf and Ishiyama, 1991) to a "learning" strategy. A learning strategy is focused on growing intellectual capacity, relational maturity and performance quality, among other things.

Having said all of this, most observers would say that the first 2-3 years of this regime did not engage "big change." Rather, most would probably characterize it as slow, cautious and incremental. There is evidence for this. During the first few years, no hospital closures and consolidations had yet occurred (though one transformation was underway and other consolidations and reformation were
in process near the end of the second year). The allocation formula to fund communities was not dramatically refashioned, relying instead on a temporary, one year funding formula in the second year. No major programs, services, or processes were kicked off. Communities took credit for those that had been kicked off, like the hospital futures process.

The ODMH change process, in our view, actually possessed elements of both small and big change. Midcourse correction produced transcendent, transformational solutions with regards to local situations as it did with the department’s children’s hospitals. Transformations also occurred around the synthesis of union thinking with community thinking. The Portsmouth Paradox was eventually solved during this administration. As we saw there were a variety of big, small moments of change that jumped the action, thinking, processes, decisions, and/or attitudes forward. In some of these moments, intunement, global thinking, and action attractors appeared to play significant roles in choreographing local action which turned these jumps into system gain.

Moreover, viewing this change process from the clouds we see that it is merely one section of a much longer road. As I completed our research into midcourse incrementalism, we saw clear signs of movement toward dramatic, transformational change. In part, this bigger change appears to emanate from shifting national winds, but it also appears to be a result of Director Hogan’s ideas about regional collaboration.
Looked at in this way, incremental change is just a link to other change processes that has not yet formed.

In sum, our model of incremental change relied on these three essential subprocesses: intunement, global thinking/local action taking and action attraction. Next, I briefly summarize each of these subprocesses.

Intunement - Intunement describes a hypothesized condition of oneness with flow of events and actions in the "external" world. It involves a deep sense of knowledge regarding what is going to happen, when, how, why, and where. This clearly occurred in the present case though it was not a continual experience. Rather, intunement "popped-up" intermittently. Self-reflection, group discussion and reflection, building intelligence systems, knowledge generation, and action learning seemed to be key to the intunement process.

Thinking Globally and Acting Locally - This often used phrase was appropriated to describe a process in which global thinking (i.e. relying on intunement and holistic thinking) was used to act with maximum impact in the moment, or as Director Hogan put it, "to know just the right moment to put the catalyst in." This process involved a quantum conception of leadership where leadership is situationally, relationally, and moment contingent. Momentary change involved reframing, creating new strategic paths, and seeing and acting in cross-cutting flows of events. Acting in the moment to move the system forward was the critical action piece to the change process. It capitalized on the intermittent nature of intunement. It would create those
small fluctuations that would eventually change the system.

**Action Attractors** - The initial changes produced from local action taking are experienced by the actors involved as fragile, tenuous orders. The next subprocess in our model works to attract these fragile orders to firmer ground. Action attractors are essentially ideas, parameters, and processes that collect energy and guides and solidifies these tenuous orders toward some new direction. In some cases micro-moment change reverberated throughout the system as action collected around these attractors and translated momentary, incremental fluctuations into systemic change. In some cases, these fragile orders reordered a localized portion of the system and did not affect the entire system, at least during the time of our study.

The model, inducted from 2 1/2 years of fieldwork illustrates a "systems" theory of change. In particular it reflects a possible application of several streams of research within systems thinking, specifically: Prigogine's (1983) nobel-prize winning work on dissipative structures, Maturana and Varela's (1980) autopoietic systems, Bohm's (1980) implicate order, and Bohr's and Heisenberg's (1958) quantum physics. These separate but connected streams of research from physics, mathematics and biology have been theoretically co-joined to form what some people call the "new science." (Wheatley, 1992) Though there are multiple renditions of what the "new science is," I take Wheatley's (1992) view that it involves three related groups of concepts: the participative nature of reality; self renewal
and change; and the implicate order and strange attractors. I describe each of these conceptual groupings and relate them to the present case.

1. Participative nature of reality - the participative nature of reality refers to the relationship between observer and observed. Much like the philosophies of phenomenology, interpretivism, hermeneutics and the like the new science is grounded in the belief that what is being observed depends on its observation. In a now famous experiment, quantum physicists Neils Bohr and Werner Heisenberg discovered that light can be both a particle and a wave depending on the ways the scientist tries to perceive it. When the scientist looks at it in one way it is a particle, in another it is a wave. But it is not that it has two faces, it is both a wave and a particle simultaneously. Its duality is dependent on the experimental context. (Isaacs, 1995; Wheatley, 1992) Once Bohr and Heisenberg acknowledged the paradox -- that light could be both / and -- they found their mathematical foundation of quantum theory. Observer and observed were inextricably intertwined to form a momentary reality.

The participative nature of the universe suggests that everything exists in relation to something else. Relationships are not just interesting they are all there is to reality. Everything exists as an intermediate state in a network of interactions. Director Hogan viewed leadership as a relation and as temporary state. Director Hogan was quoted earlier as remarking that "who one is depends on the situation." Indeed, Director Hogan's leadership style
depended upon his reads of the situation and temporarily engaging one of his metaphors or some variant of one. If this is true of all leaders then the logic of much of our popular writings on leadership -- that leadership should be principle based and consistent if nothing else -- may be off the mark. Instead of searching for principles of leadership, consistency in behavior, and copying "great men," we may be better served to catalog leadership experiences and situations and provide a repertoire of leader approaches and metaphors for dealing with them. Director Hogan's metaphors of management are a good example of this kind of repertoire building. Quinn's (1988) leadership styles is another example.

2. Self Renewal and Change - According to the new science, "a characteristic of living systems [is] to continuously renew themselves and to regulate this process in such a way that the integrity of their structure is maintained," (Jantsch, 1980. p. 7) even if this means changing. Prigogine's (1981) work on dissipative structures tells us that dissipative activity, or the loss of energy can actually be a wellspring for creating higher level structures. Entropy does not lead to death, but rather a reemergence of a new structure at a higher, more adaptive form.

Maturana and Varela tell us that these shifts of self-production and renewal result from small perturbations emanating in the environment. These perturbations cause minute fluctuations which may eventually interact with the
system and produce a "bifurcation point" at which point the system becomes chaotic and its form disintegrates. Eventually, order does come from this chaos as the system is attracted to a higher form. Prigogine calls this "order through fluctuation" Others call it "order out of chaos."

These concepts: that big change can occur from little perturbations; that order forms out of chaos, and that there are these strange attractors around which disorder forms do have some relevance to the present case. The concept that small perturbations can be the wellspring of creation and that they can be the source of big change is reflected in our own discussion of micromoments and their importance to change.

(3) Implicate Order and Strange Attractors - Bohn (1980) suggests that there is an "order" to this order from chaos over time. He calls it the "implicate order" which is to say there is a hidden, or perhaps overarching order to the universe that is somehow encoded in all systems. Evidence for this implicate order comes from mathematicians who observed the affect of "strange attractors" in interacting non-linear mathematical equations. Nonlinear equations produce random results. But when these same equations are plotted in graphic space they produce odd forms and shapes, over and over again. They find that this occurs in all cases. They also find that when they magnify their graphic displays by one thousand, by one million, by one billion, and even one trillion, that the same strange forms are created at the minutest level as well as at the largest level.
Theoreticians from the new science muse that these same forms and forms within forms are reproduced in nature - like spirals, circles, and fractals. (Wheatley, 1992) Strange attractors, it could be argued, were embedded in the "logical" next step ideas and parameters about the next phase of system evolution. Hogan’s tomato stakes were a few simple energetic tracks around which disorder, or in this case a fragile order could strengthen and grow.

In light of the comparability to what might be interpreted as a practical application of the new science to change in organizational systems, there are at least four conclusions that can be drawn from our observations. (1) Hogan’s leadership and the incremental change process he engaged exhibited dynamics consistent with a new science view of the world suggesting, perhaps, that the "new science" (Wheatley, 1992) can be practically applied and invoked on-line and in real-time and be illustrative of social system change as well as the reactions of chemical structures, mathematical non-linear equations, micro-organisms and subatomic particles. Heretofore, such an analysis has been limited to laboratory groups (e.g. Kofman and Senge, 1994) retrospective accounts (e.g. Hodgetts, Luthans and Lee, 1994) interventions to get people to think along these lines (e.g. Argyris, 1982), and theoretical and exemplar research applications (Senge, 1990; Wheatley, 1992). This is the only paper of its kind that has described a "whole" public system change process occurring over time. It also provides a valuable description of how one might manage such a process
using abstract concepts like "observer-observed, everything
is a relationship, everything is process, and strange
attractors.
(2) Existing theories of incremental change like partisan
mutual adjustment (Lindblom, 1959), pragmatic incrementalism
(Denhardt, 1993) groping along (Behn, 1988), or logical
incrementalism (Quinn, 1980) captured some but not all of the
essential characteristics of this change process.

While Denhardt's theory coincides with our own
discussion of intunement and capitalizing on small victories,
it does not capture the quantum nature of the leaders as
"jumpy" or the intricacies of managing specific transitional
moments and that which is required after managing the moment.
Denhardt essentially lumps these moments together in the
concept of "opportunities." This is also true of Behn and
Quinn, who tend to focus only on two major flows within the
change process -- the opportunistic, improvisational,
emergent nature and the power of an important vision of
excellence. Finally, Lindblom's hypothesis has the most
limited application to the present case. His theory limits
itself to the deterministic aspects of compromise and
bargaining. It does well to capture the dialectic nature of
some of the momentary shifts noticed in the present case but
it does not explain the momentary shifts produced from other
sources.
(3) Incremental change may actually be associated with
transformational thinking. Both/and thinking and synchonic
feelings and sensations are often associated with
transformational processes (e.g. Quinn, 1988; Drucker, 1995) and big change. This chapter suggests transformational thinking may have more relevance to quantum change than it does with transformational change.\(^\text{22}\)

(4) Finally, all of this suggests to me that incrementalism, as we have understood it, is missing something. Our research suggests that rather than being slow and continuous, incremental change can be very complex, dynamic, and made up of discontinuous jumps in a landscape of possible futures. Incremental change is, in effect, a string of these small jumps brought together.

\(^{22}\)Quantum and transformational are themselves often discussed in the same breadth. In my framework discontinuous or quantum change is one element of transformational change - the other main ingredient being "identity" change.
CHAPTER 3

ORGANIZATIONAL TURNAROUND

Turnaround is probably the most often sought after, though least often achieved type of change in public organizations. Takeover rhetoric often paints the past as something to be avoided and the future, especially a future with the rhetoricians at the helm, as something to be rallied behind. Few of these regime shifts produce any sort of lasting change. Most fail to make any imprint at all.

One of the clear themes that predomnates the literature on orchestrating public organizational turnaround is that it is very, very difficult. Bureaucracy is considered to be tantamount to non-change and non-innovation. Centralized personnel functions, process controls, and other state imposed limits to autonomy, authority and flexibility (Gawthorpe, 1971) can stymie organizational movement for years. It can take months to gain approval from a central administrative state agency for even the most simplest management task, such as the approval of new job descriptions. Others which top the hit parade of barriers to change include ubiquitous ownership (Walmsley and Zald, 1973), multiple, varied and sometimes competing performance expectations (Weiss, 1974), the absence of any real
performance incentives to entice productivity gains (Rainey et al., 1976), and the generally risk averse posture of public employees.

The case literature tells us, however, that revitalization is possible despite the plethora of barriers. When it does occur, the change process generally seems to be orchestrated within the established system of constraints, maximizing what the agency can do, rather than what it cannot do. But, with only a handful of documented cases of organizational turnaround, we clearly do not know enough about the phenomena. These case studies are a good start, but even their authors (e.g., Poister 1988; Holzer 1988) admonish us to document more cases of revitalization and turnaround in order to develop broader theories of the phenomena.

This chapter documents the turnaround experience of the leader of the Ohio Bureau of Workers Compensation (BWC), Patrick Mihm, in his short-lived attempt to turnaround the organization. In many ways he was successful, in other ways he was not. Particular emphasis will be given to describing the turnaround process - how and why in an organization replete with financial, technological, and political problems he made the gains he did.

The case study is an interesting one because it is actually a case study of two events; a somewhat successful organizational turnaround and a failed organizational transformation. Though Mihm could be credited with revitalizing large chunks of Bureau operations, he ultimately
sought to transform the organization into something completely different. Thus, we have a unique opportunity to examine the forces which stopped a transformation yet allowed a turnaround.

**Background**

Ohio's worker compensation system had been plagued by extraordinary inefficiency. Costs were going through the roof. Claims processing was backlogged for months. Businesses claimed they were going bankrupt because of excessive worker compensation rates. Physicians levied similar criticisms regarding the slowness of the medical bill payment process which averaged an alarming four months. As of the end of 1989, 825,000 medical bills were backlogged. BWC's performance was considered to be abysmal.

In addition to these operational concerns, financial shortages and the possibility of insolvency loomed just over the hill. BWC had been operating at a financial loss for the past ten years. The December, 1988 actuarial audit of the state insurance fund found that it operated at a 2.1 billion deficit. Medical cost inflation and attrition in temporary total disability compensation had been at about 8 percent in the late 1980's, almost three times the rate of overall economic inflation during that same timeframe. No one took any counterbalancing actions, either in the form of a rate hike commensurate with the rising costs, a reduction of

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Temporary total disability is a category that describes individuals who are totally disabled temporarily. Partial Permanent disability is a category that describes individuals who are partially disabled permanently.
benefits, a reduction of administrative costs, or capping the level of reimbursable medical costs. The bureau was technically insolvent as early as 1982.

The bureau made an enormous political blunder in the midst of this financial crisis, excessive rates (or at least excessive in the minds of ratepayers) and poor service. It built a brand new, state-of-the-art 35 story office tower in downtown Columbus, Ohio. Centralizing SWC’s offices into the single downtown facility actually saved the state money, however, the prima facie unreasonableness of the move enraged injured workers, who were not being served, employers who believed their rates were exorbitant and medical providers whose invoices went unpaid for an average of three to four months at a time. The building would be a powerful symbolic reminder to its critics that something was terribly wrong with the bureau and its leadership. The building would continue to haunt CEOs long after its construction.

In 1989, Ohio passed HB 222. The landmark legislation sought to dramatically alter Ohio’s worker compensation system. It replaced the large inefficient “bureaucracy” with a new public organizational form – a private sector corporation – in the middle of state government. This was not a privatization strategy nor did it just create another enterprise fund organization. The bureau was already an enterprise fund and had been for years. This new form went beyond how it was funded or who owned it to how it was managed and how it was thought about. It would be managed just like a private corporation. It would be thought of as a
private corporation. It would have a board of directors and a highly paid and successful private sector CEO who could import leading edge private sector thinking, practices, and non-political common sense.

BWC's new 15 member board included representatives from organized labor, the state legislature and business. Its purpose was to oversee the transformation of the worker compensation system whilst insulating the organization from the political influences and expediencies of politics as usual. In effect, the board would create an environment within which a private insurance corporation could grow and prosper and replace the stodgy, slow, inefficient bureaucracy that had built up over the years. At least that was the logic behind the legislation.

On June 4, 1990, the Board hired an insurance executive from the private sector, to be the bureau's first CEO. Patrick Mihm had been an enormously successful insurance executive from TransAmerica. He led the transformation of TransAmerica's international claims operation and changed it from one of the industry's mediocre performers to one of the industry's leaders. His turnaround expertise and his proven track record and private sector know-how appeared to be well suited for the huge task before him....

In May of 1992, Mihm resigned after two rocky years as the BWC's CEO, but not after his leadership increased bureau resources by roughly $160 million, demonstrated they could improve claims management service levels by threefold, reduced the huge backlog in unpaid Medicaid bills by 2/3, and
established state-of-the-art insurance management practices and management philosophies including an emphasis on self managed teams and quality. All operational trends indicated improving service levels.

Table 6 summarizes the BWC’s movement along a number of performance indicators. These performance indicators capture the bulk of BWC activity beginning with injured worker contact and ending with medical bill payment.

<table>
<thead>
<tr>
<th>CLAIMS SUB-PROCESS</th>
<th>PREVIOUS LEVELS</th>
<th>MARCH 31, 1992 GOALS</th>
<th>SEPTEMBER 30, 1991 ACTUAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONTACT INJURED WORKER WITHIN 24 HRS OF RECEIPT OF A CLAIM APPLICATION*</td>
<td>N/A</td>
<td>30%</td>
<td>52% WITHIN 1 DAY</td>
</tr>
<tr>
<td>MAKE CLAIMS DETERMINATION WITHIN TWO WEEKS OF RECEIPT OF CLAIM*</td>
<td>AVERAGED 6 WEEKS</td>
<td>50%</td>
<td>100% WITHIN TWO WEEKS</td>
</tr>
<tr>
<td>REFER TO REHABILITATION BETWEEN SIX MONTHS OF RECEIPT OF A CLAIM*</td>
<td>AVERAGED 2 YEARS</td>
<td>75%</td>
<td>100% LESS THAN SIX MONTHS</td>
</tr>
<tr>
<td>ASSIGN A CLAIM # TO CASES WITHIN 24 HRS FROM RECEIPT OF THE CLAIM APPLICATION*</td>
<td>N/A</td>
<td>60%</td>
<td>84% WITHIN 1 DAY</td>
</tr>
<tr>
<td>MEDICAL PROVIDER FEE BILL SUSPENSE FILE SIZE</td>
<td>875,000</td>
<td>340,000</td>
<td>198,104</td>
</tr>
<tr>
<td>PAY MEDICAL PROVIDER FEE BILL</td>
<td>AVERAGED 80 DAYS</td>
<td>45 DAYS</td>
<td>26 DAYS</td>
</tr>
</tbody>
</table>

*Note: Data generated from Cleveland Pilot Projects

Table 6: Claims Service Performance Levels

It is important to understand that much of Table 6 was derived from pilot project data. Mihm tested his ideas and change concepts in a "pilot project" in the Cleveland district office - the most problem-ridden region in the state. If the BWC could demonstrate improvement in
Cleveland, he reasoned, he could convince everyone that they could do it anywhere. Per Table 6, pilot performance levels suggested marked improvement in every single performance category after its first 18 months. Similar gains were produced in the BWC’s risk management pilot. Mihm received innumerable letters of commendation and support from the local business community and injured workers. Success stories mounted, complementary letters piled up, and slowly but surely,

BWC’s culture showed signs of change. People were taking responsibility. People were beginning to take risks and expect more of themselves and their colleagues, and they began to think in terms of products and customers.

We pushed a disability nurse and an investigator into six catastrophic cases. They didn’t have the slightest idea what to do. We said, analyze it and then decide what all the issues are. They were scared to death, but they’re making remarkable success. They feel ownership, pride, and accomplishment. There’s the Jeff W. Case. He fell off a ladder. He had a spinal problem. He was temporarily a paraplegic. We got there quickly. We were there the day after he was admitted to the hospital. We talked to the employer. The employer’s first reaction was that they were not going to certify the claim. We were able to resolve that by visiting with the employer and had a certified claim the day after the vent. We were able to make a commitment to the hospital, and to his physician. The nurse met with the treating physician, came up with tentative plan and started to firm that up. In a week we had him committed and registered for treatment and he was at rehab within three weeks - that used to be unheard of... very little direction. They have all the skills, they just need the confidence to use them. Now we’ve got a statewide catastrophic claims management program and we’re actively managing 25 cases. (Mihm, 1/27/92)
This experience was not an isolated event. Pilot project staff were especially pleased with their new jobs. They "never want to go back to the old ways. They like the sense of accomplishment they get from following a claim, doing the work and really making a difference." (BWC 1991 4Qtr Rept). The personal contact with employer and the individual workers did seem to draw a plethora of accolades from employer and injured workers who were exposed to the new reengineered claims management processes.

"We’re happiest about the responsiveness of the new process," said Ronald Dzuresc, controller for Dairymens, Oberlin Farms Dairy, Inc. "Everything comes back quicker--our claim numbers, determinations and medical evaluations. The speed change is most noticeable. We’ve also had people get into rehabilitation quicker than through the old system." (BWC Annual Report, 1992)

Bob Dooner, personnel manager for Premier Manufacturing Corp., said, "For the first time in 20 years, our people are getting their money quickly." Dooner cited the case of a worker who had been seriously injured on the job. "I faxed a temporary total form to the bureau, and the person got their first check in one week," he said. "The woman said she was afraid to cash it. "Is it real" she asked." (BWC Annual Report, 1992)

Perry Kovic, a Dairymens driver said "the idea of a personal counselor really works. I’ve been contacted several times by the same person. He has lots of information and seems genuinely concerned about me...It only took three weeks from the time I injured my back to get my check. The old way took forever to get payments. My wife was off work and didn’t get any money for four months--and she was already back to work." (BWC Annual Report, 1992)

Unfortunately, however, there continued to be more staunch critics of BWC than converts. Ultimately, the external resistance to the change process stymied Mihm’s
turnaround. In the fall of 1995, three years after Mihm resigned, US News and World Report credited Ohio's Governor George Voinovich with worker compensation reform and the business community's elation with his results. Though much of the reform was enabled nearly five years earlier, the article makes no mention of Mihm or his regime. Mihm persisted in his belief that the change process would take at least 5-7 years to achieve success. Had Mihm stuck around he might have been hailed a hero in Ohio government, instead, he walked away under a cloud of speculation surrounding his resignation.

The How's and Why's of the Change Process

What I walked into was a significant set of challenges... The bureau had been technically insolvent for at least ten years, if not longer. So, the bureau was in need of a corporate turnaround. It had a need to change and recover financially. We were also in a takeover mode in that a new management team was coming in. So, the takeover culture and mentality permeated the organization. Finally, we were dealing with a merger. A merger came about as a result of HB 222 and had begun in January of 1990 with the assimilation of the rehabilitation unit from the Industrial Commission of Ohio, and the Safety and Hygiene division from the Industrial Commission. That complement of people was around 1700 which actually was more people than in the bureau at the time, which was about 1400. We were bringing in two units which were basically autonomous in their own minds and Safety and Hygiene had their own budget which they held very, very dearly. When I walked in I inherited those three major challenges. In most organizational change environments you deal with one, at most two, but not all three. We had all three, and we had it heavy. (Mihm, 2/5/92)

How did Mihm achieve the impressive gains that he did, and why is that in spite of these gains did he fail to transform the agency? To respond to this question I
conducted an analysis of nearly 200 significant" actions taken by BWC leadership over Mihm's two years. Our analysis produced three rather distinct patterns of strategic activity. The turnaround pattern began with dozens of actions that enabled change to occur. These actions created a context that facilitated strategic activity. Enabling actions continued throughout the turnaround process though they tended to become less frequent but more focused and more important as the process continued. A second group of actions concentrated on establishing and maintaining movement and direction. I refer to this group as shaping strings. Shaping strings were intended to follow specific enabling strings. An enabling string would create an environment conducive to change and a shaping action would capitalize on the enabled space and attack strategic priorities with focus, vision, and a whatever it takes mentality to lurch the system forward.

Like enabling strings, shaping strings continued throughout the change process, though they too would dissipate as time passed. A third group of actions, which I call jumping strings systematically targeted the cornerstones of the existing system. When enough connections were made across enough organizational, conceptual, and political/legal changes, the presumption was that the system could actually "jump" into another identity.

*An action was considered significant if it was either included in our discussions with Mihm, executive committee meetings, strategic plan implementation, transition plan implementation, or in reports to the Board of Directors, the Governor, or the legislature.*
All these strings connected and supported the bureau's core revitalization strategy which included three essential thrusts: (1) Reengineer and revitalize the claims process; (2) install system solutions to as many processes as possible, but most importantly the medical payment process in the short term; and (3) train bureau staff and supervisors to adapt to a team environment, to upgrade skill and knowledge levels, and to learn to take responsibility and produce results. These three core strategies -- claims, systems, and training -- were the central focus of the change process.

I believe the essence of a turnaround strategy involves weaving these enabling, shaping, and jumping strings together in an improvisational fashion to produce significant change in organizational performance. A turnaround strategy involves a zero-base, start from the ground up mentality which is guided by sharp images of a desired future and appropriate values. It involves changes in services, service delivery, organizational structure, process, resources, technology, and culture in spite of significant resistance to change. Figure 5 provides a model of BWC's change process. Discussions of each major subprocess of Figure 5 follows.

**Enabling Strings**

If there is any agreement across studies of organizational change is that it needs to begin with a clear, powerful vision of what the organization should be striving to become. On the other hand, it seems that most descriptions of change processes and indeed our own experiences suggest that a CEO's tenure rarely begins with a
stated vision. Their first year is usually a year long baptism of fire dealing with the budget process and gaining

![Diagram of Change Process]

Figure 5: BWC Change Process

an understanding of organizational and systemic conditions. Even strategic management and other visioning processes may take several months or even a year to initiate amid other more immediate crises. Mihm’s vision was publicly articulated almost a year into his tenure. Even then, he simply “borrowed” a vision statement he had come across from a midwestern bank. He liked it and adapted it to the BWC’s circumstances.

The fact that the actual vision statement was crafted so quickly belies Mihm’s powerful prevision imagery of what he
needed to do. He had a clear image of what he expected to achieve well in advance of putting together his vision statement. He intended to create a private sector insurance company within a state government system and in so doing turnaround the financial condition of the organization and clamp down on the burgeoning expenses and presumed wastes.

In this prevision timeframe, a clear strategic image was critical to framing enabling string patterns. Enabling actions point the organization in a particular direction and without some future image to point to, obviously, the string pattern would not have enabled anything. Enabling strings set up significant chunks of strategy activity.

In the present case the most prominent enabling actions tended to group into three subcategories - actions that changed organizational structure, actions that attempted to recreate key organizational processes and technology, and actions that procured or managed financial resources. These three areas were deemed to be the most serious, baseline impediments to change and, not coincidentally, three of the most serious offenders of Mihm’s strategic imagery. Without an appropriate structure it would be very difficult to ascertain the extent and nature of the problems, and then gain control over those problems that plagued the organization. Without the help of new technology, the bureau would continue to flounder in manual processing and billing. Without additional resources, an automated system could not be obtained, new better trained people could not be hired, and the huge backlogs in claims processing would never be
overcome.

**Enabling Organizational Structure**

A lot has been said, as of late, about the often used, but ill-fated tactic of reorganizing structure before changing process and style (e.g. Beer, Eisenstat and Spector, 1990) Generally speaking such observations make sense. Structure has never been adequately shown to improve performance. Nasty reorganizations can often produce resentment from staff and contempt from individuals who lose responsibility and authority in the reorganization.

In the present case, however, Mihm found an "organizational nightmare" that lacked any semblance of rationality. People listed as accountants had never had an accounting class in their life. Claims officers, a professional college educated position in the private sector, were treated as clerks. Seventy seven percent of BWC claims examiners were high school graduates while only 15% were college educated or better (See Table 7).

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduate Degree</td>
<td>8</td>
</tr>
<tr>
<td>College Degree</td>
<td>185</td>
</tr>
<tr>
<td>Associates Degree</td>
<td>79</td>
</tr>
<tr>
<td>High School or GED</td>
<td>466</td>
</tr>
<tr>
<td>No High School or GED</td>
<td>5</td>
</tr>
</tbody>
</table>

Table 7: Educational Levels in BWC District Offices
The organization had no actuarial capacity, an insurance industry expertise that analyzed financial and economic trends and whose opinions governed findings of the "financial soundness" of an organization. There was also no "controller" position in an organization that took in over $9 billion in revenue each year. No one person, in effect, was controlling the inflow or the outflow of the agency's dollars. The executive in charge of the accounting function was not an accountant and had never even taken an accounting class in his life. There was no internal audit function. The risk management function was spread throughout the organization with no centralized accountability. The organization was nothing like TransAmerica, or the other companies Mihm worked for. It was not anything like what an organization was, in Mihm view, supposed to look like. An organization was supposed to make functional sense - especially if those functions showed signs of serious deficiency and decay.

What I generally found was an organizational nightmare. There was no alignment based on functional skills or expertise. There were literally four claims departments. Under program administration there were claims segments at two different reporting levels -- a claims area and a claims operations area. Within district operations there were basically 16 more claims offices. Medical services handled medical issues on claims files. Finally any claim eligible for rehabilitation went to rehabilitation services. Moreover, the managers responsible for these claims areas literally did not talk to one another. Literally, if they got in one room they didn't even look at one another. (Mihm, 2/5/92)

He also found the claims function in general disarray. The claims function - the same function he had revitalized at
TransAmerica - was scattered across 16 district offices and in four different areas of central office with no particular accountabilities to any specific individual and only a huge backlog to show for it. On top of all these organizational issues he had to merge and blend in two other very large divisions from other state agencies.

No one seemed to take responsibility for the massive shortfalls in staff quality, claims processing, customer satisfaction and the delays in getting injured workers into and through the system. The 1988 Annual Report, for example, seemed to place the onus of excessive processing times and ballooning claims costs on the tardiness of injured workers and their employers in reporting the injury. Problems seemed to be either swept under the carpet, politically imaged or simply blamed on others. For example, the size of the claims backlog had been seriously underreported by the previous CEO. Mihm could find no factual support for his figures. The reported figures were actually just "guesses" based on hunches and legitimized by a culture influenced by political imaging. Moreover, there were no management reports available that could describe the results the claims function achieved. Reports simply summarized the tasks performed. Structurally speaking, no one was accountable for the claims function and, as a result, there were no summary reports that would help someone in that role (e.g. total claims backlog). Such as the total claims backlog.

Mihm started out restructuring the organization along functional lines and created several key executive level
offices, each having accountability for producing change in their respective functional areas. He established three new positions -- Chief Operations Officer (COO), a Chief Financial Officer (CFO), and a Chief Actuarial Officer (CAC). He elevated the information systems officer to an executive level position and later the human resources officer to an executive level position and he retained legal and communications as executive level positions as well. He also was preparing to reorganize the bureau’s 15 district offices into six regional offices to maintain a wide state coverage with six full service one-stop facilities while building on the economies of scale afforded by larger offices.

The reorganization(s) enabled strategic activity in two ways. First, they repositioned the organization to be successful along functional lines. The bureau’s functions (e.g. claims, systems, training, finance) were its most serious problems. Each principle function now had one person who was accountable for producing results and who had the authority to pull it off. Those functional areas were the relevant executive’s “organization.” Mihm not only referred to it as “your organization” but he also acted in that fashion providing his executive team with considerable autonomy and freedom to act. Second, it acted as a sensemaking tool for the CEO that provided a familiar frame which would facilitate strategic thinking to occur. It allowed Mihm to make sense of the mess before him and pinpoint operational problems quickly and a system architecture for dealing with them.
BWC now "looked like" the private insurance corporation Mihm was trying to build. The new structural frame mimicked the elements of a private sector organizational system. The functional structure combined with a regional, flexible approach to service delivery was the insurance industry standard. By overlaying it on the Bureau's organizational mess, Mihm reframed it to stimulate his own strategic thinking. 25

We were then in a position where we could begin thinking strategically. We could think strategically (emphasis added) from an operational standpoint, we could think strategically (emphasis added) from a financial standpoint and we could think strategically (emphasis added) from a claims standpoint. Before it was practically impossible given the organizational structure and weaknesses. (Mihm, 2/5/92)

Key Organizational Processes

The second principle enabling string pattern involved reengineering BWC's key organizational processes, the most important being the claims management process. The claims management process begins with the identification of a worker injury or illness and moves on to an identification of an

25Another explanation for the sensemaking capacity of Mihm's new structure may have lied in the extent to which it reflected his own cognitive preferences. Mihm prided himself on his consistency of principle and his objectivity of perspective. He always seemed ready with numbers and statistics to support his views. He would say he had an excellent memory for "facts." He used clear metaphors and analogies that described what he wanted you to think about and how he wanted you to think about it. Mihm had a well ordered, highly structured, and strategically focused and inventive mind. There was a certain harmony between the rational, functional and ordered structure Mihm created through the reorganization and his own fact-seeking, rational and principle based mind.
The appropriate amount and nature of the award given to the injured worker. The process, prior to Mihm’s arrival, required a lot of hand offs as a form went from paper processor to paper processor. Each individual took care of their particular responsibility until the claim was resolved and/or paid. Mihm replaced this paper processing technology with case management and self managed teams. The organization of the claims management team is presented in Figure 6.

![Diagram of claims management team]

**Figure 6: Claims Management Team**

Instead of moving a form through the system, a claims management team, consisting of a variety of staff representing all of the separate disciplines required to assist the injured worker move through the system (e.g. rehabilitation nurse, claims examiners, clerical staff, etc.) would be assigned the case and be responsible for managing the claim from start to finish. A claims analyst would manage the team. A team was assigned a group of employers. All claims filed from those employers would be handled by
that team. The team is expected to take all steps necessary to achieve results. Autonomy and accountability with regards to all action is the organizing concept of this approach.

The newly reengineered claims process created a context that would force a sense of individual accountability to the BWC's two principle customers (employers and injured workers) and a sense of responsibility and ownership for getting the job done. The former operational context did not provide opportunities to take responsibility, take decisive action or assume the risk even if employees wanted to. Paper processing made employers, the injured worker and the bureau employees faceless. The bureau employee had no reason to meet with the other professionals involved with a particular case. Claims management technology created a localized context within which bureau staff had to talk to each other and claims analysts had to communicate with the injured worker, their family, and their employer directly to manage the claim successfully. According to one claims examiner who took on this responsibility it was an "energizing experience." Their faces supported their words. They smiled, laughed, they looked busy, but most of all, they acted proud. The claims transaction between the bureau and its customers was now restructured to enable a new attitude and an entirely new way of managing the transaction.

Sweeping change would also be made to the bureau's risk management process which similarly featured the use of cross-functional, self managed team technology. The Medical Payments Department also reorganized into self managed teams.
Non-service departments like information systems organized itself into teams. Many departments and processes were retooled to a self-managed team approach following the success of the claims teams. In addition, all process possible that could be automated, would be automated. Processes slated for automation included automating the claims management process, the medical invoice payment system (MIIS), and claims assignment.

Organizational Resources

Process reengineering does not come without a significant cost attached to it. The revamped processes required significant training upgrades and additional training costs. Claims analysts needed substantial training to move from clerk-processors to claims analysis and management. Supervisors would also require significant training. The new self-managed team process needed supervisors with facilitative and coaching skills. Many supervisors lacked even the most basic managerial skills relying on punishment, rigid rules, and monitoring behavior to motivate employees. Training efforts would have to be substantial to bring the supervisory ranks up to a level that could support a reengineering effort.

More cash would also be needed to cover the substantial increases in staff Mihm sought. The average caseload per claims rep was already nearly 10 times the industry average.

"As reflected in the many communications from staff which Mihm received in a "straight to the top" program where all staff could write the CEO about anything. A common complaint was the rigid, punishment oriented style of supervision. He sent handwritten notes back to all those who wrote him."
In the private sector, there was one claims representative for every 250-300 claims. At BWC, there was one claims representative for every 2500-3000 claims. Mihm estimated that he needed an additional 400 claims examiners to bring his staff levels to an acceptable level.

Finally, a new computer system would increase costs—especially one that had the capacity to manage a company that brings in 9 billion per year and pays out 4 billion each year. The price tag for the MIIS system alone would exceed $15 million. The new technology would be absolutely critical to leveraging the huge backlog of medical bills. The price tag for all of these changes added up to a whopping $85 million. The bureau would have to leverage dollars and other resources in completely new ways.

Money is a powerful force in public sector change processes. Sabatier and Mazmanian (1983) identified financial resources as one of four essential predictors of policy implementation success. Frost-Kumpf et al (1993) talk about the importance of creatively accessing new federal monies to support the transformation of the Ohio Department of Mental Health. Levine (1976) and Wechsler (1986), similarly, cite the importance of resource allocation patterns to an organization's choice of strategies.

The fact of that matter is that resources drive public systems. Without the necessary resources new services never get off the ground, programs get cut, and valued people get laid off. The worker compensation system was in desperate need of a resource boom to support its planned reinvention.
The bureau's shot at turnaround would effectively be gone without additional resources. The $185 million was Mihm's bottom line price tag.

Over the next two years, the bureau increased its annual budget by $60 million and produced revenue gains of another $100 million from investment portfolio and other revenue enhancements and from expenditure and program cutbacks for a staggering total real dollar increase of $160 million. Though this was well short of Mihm's bottom line, all-or-none figure of $185 million, the revenue growth was unprecedented in Ohio state government that year. All other agencies either were frozen or substantially cut. No one agency was as successful as the BWC in leveraging additional dollars through budget increases or otherwise.

There were several reasons for the BWC's impressive financial gains. In no particular order of importance, Mihm orchestrated several sub-strings of activity. (1) He reduced claims costs by instituting a variety of measures to mute system and economic forces that affected claims costs, 2) He reorganized the bureau's investment portfolio and 3) He made some modest savings by scaling back certain employee programs and putting together an early retirement program and 4) he used a fact-based, performance based and investment based approach to lobbying for an increased budget. Table 8 details each of these tactics in terms of the actions taken, their approximate timing and related outcomes.

Perhaps, most importantly, Mihm's four point resource strategy produced a sense of financial accountability in
everything the bureau did. Every office, every function, was supposed to demonstrate its value from a cost-benefit calculation. Those that could not or would not went strategically bankrupt. Such offices were either buried and essentially ignored or they were eradicated and their personnel realigned and retrained to bolster the core strategic areas (i.e. claims, systems, training). For example, Mihm realigned 300 public information officers to

<table>
<thead>
<tr>
<th>Resource</th>
<th>Leverage</th>
<th>Actions</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget Negotiations</td>
<td>1. Established performance standards early on which BWC would later meet or exceed all performance targets. 2. Established need by identifying industry standards for claims activity, especially for claims analysts, which the BWC was well below such averages. 3. Defined the budget increase as an investment. For every $1 invested the BWC would pay back $2 in five years.</td>
<td>$60 million budget increase</td>
<td></td>
</tr>
<tr>
<td>Financial Reorganization</td>
<td>1. Moved financial audit from early spring to late summer. 2. Reviewed equity portfolio to reduce risk 60% to 25%. 3. Split $1.8 billion equity portfolio w/ several investment managers as opposed to one. 4. Cut commissions pd to brokers 8% to 6 cents per share. 5. Elim. unnecessary and duplicate research periodicals. 6. Eliminated a performance evaluation service. 7. Introduced agency discount notes to cash management. Extended weighted average maturity of cash from 17 days to 28 days, increasing yield approx. 10 basis points on an avg. of $800 M cash. 8. Improved collections process by requiring direct debit of payments from employers on partial payment plans. 9. Began charging interest on public employer/county premiums. 10. Elim. thrd lapse notice to employer. Reduced timeframe for certification to Aty General for collection by several months. 11. Reorganized internal audit department, Fraud Investigation section, and Accounting departments.</td>
<td>$200K annually</td>
<td>$210K annually $1K annually $33.5K annually $860K annually</td>
</tr>
<tr>
<td>Internal Employee Cost Controls</td>
<td>1. Instituted 5-digit long distance dialing. 2. Focused tuition reimbursement program to only those classes that directly support bureau activity. 3. Instituted an Early Retirement Program.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reduction in Claims Costs</td>
<td>1. Instituted UCBS (usual, customary, reasonable) reimbursement schedules in medical invoice payment system. BWC will certain amount and reduce the bill payment if warranted. Claimant will not, by rule, be held responsible by the medical provider. 2. Instituted pharmacy fee schedules and chiropractic fee schedules. 3. Begin collaborating with Bureau of Employment Services to crack down on fraud - could be as much as $60-100 M problem.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Measures Taken to Increase Resources
claims representative positions - wiping out the complaint handling function but boosting the efforts targeted at eliminating those complaints. So when he told area supervisors, "demonstrate your unit's value" or else - people listened.

We had a fraud unit that cost about $350K per year and collected about $30k. I looked at the budget and the cost to maintain it and I told them I can't afford you. My challenge to the unit was to tell me what they've done to justify themselves. They came back with a new organizational structure and a plan and said basically, we were not allowed to do what we wanted to do. That's when we started to make some headway. (Mihm, 8/24/91)

These were powerful inducements to feed a sense of fiscal culpability. The fact that nothing was sacred was feared, but it did stimulate complacent areas into action and produced disciplined self-reflexivity. People were forced to assess their own operations as it affected the bureau's core strategy and stated outcomes.

*      *      *

Resources, structure and process reinvention and augmentation positioned the bureau for a flurry of strategic activity. They opened up conceptual and physical space within which the bureau could physically move. They exposed organizational weaknesses like staff and supervisory skill sets and the true size of the various backlogs. They set up and would continue to set up huge chunks of strategic activity. They provided the resources to support personnel and systems expansion. All in all, enabling strings made change possible.
Enabling strings were not limited to the early periods of the change process. Mihm was not able to simply manipulate structure, process, and resources without confronting significant system inertia. In fact, some of the public sector constraints to change discussed earlier persistently thwarted structural, process and resource reinvention and augmentation enough to draw out enabling activity throughout the change process. Table 9 identifies the most prominent barriers and their impact on enabling activity.

In a perfect world, enabling and shaping strings would occur sequentially. Enabling actions would reconfigure the organizational context and then the organization focuses on "shaping" organizational action within the enabled space. An appropriate analogy might be pushing a child in a go-kart down a hill. The child has a good hill (structure), a good go-kart (process), and a good push (resources). All the child has to do is steer (shape) his way down the hill and avoid the potholes. In reality, of course, the analogy falls short. The bureau's private sector leadership underestimated the complexity and difficulties of managing within a governmental system. The effort to establish the enabling conditions for change (i.e. resources, process and structure) would be an ongoing struggle throughout the process.

**Shaping Strings**

Shaping strings are concerned with how movement is produced and energy is sustained. Two distinct shaping patterns motored the flurry of activity allowed for by
<table>
<thead>
<tr>
<th>Enabling Strings</th>
<th>Barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Structure</td>
<td>1. Past organizational practice tended to bury the poorest performers in certain areas of the organization. Suddenly, those areas are strategically crucial.</td>
</tr>
<tr>
<td></td>
<td>2. Very difficult to flatten structure because of rules governing termination processes.</td>
</tr>
<tr>
<td></td>
<td>3. The tendency of supervisors to inflate performance reviews. Inadequate documentation of poor performance. Some suggest that because there was a lack of monetary incentives supervisors raised performance reviews as a reward. Others suggest it is a general leaning toward how &quot;the other person feels&quot; and conflict avoidance.</td>
</tr>
<tr>
<td>2. Process</td>
<td>4. Significant shortage of claims staff resulting from past hesitancy to allow for staff increases. Industry average claims/staff is around 200-250, BWC's claims/staff is around 2500 or almost 10X the average. BWC needs an additional 400 claims examiners or over twice as many as it currently has.</td>
</tr>
<tr>
<td>Reengineering</td>
<td>5. Centralized administrative and personnel functions significantly slow the personnel realignment process. Often, 4-5 months pass before a job description is approved. Other actions, such as hiring new personnel is so structured that it takes months for that to occur as well.</td>
</tr>
<tr>
<td>3. Resources</td>
<td>6. Implementation of certain processes outside control of BWC (i.e. settling cases, fraud not a legal crime).</td>
</tr>
<tr>
<td></td>
<td>7. Staff resistant to change. Used to step-by-step process as opposed to result based management, fear of job security; &quot;wait and see who's still here attitude.&quot;</td>
</tr>
<tr>
<td></td>
<td>8. Mid-management levels generally lack coaching/facilitative skills necessary to manage teams.</td>
</tr>
<tr>
<td></td>
<td>9. The legislature tends to be focused on short term expenditures rather than on long term benefits. The same system which constrains and slows action demands faster action. There was tremendous pressure for a &quot;quick fix.&quot;</td>
</tr>
<tr>
<td></td>
<td>10. Control over certain claims related costs outside control of BWC</td>
</tr>
<tr>
<td></td>
<td>11. Political operations of compromise blunt cost-of-service rate calculations</td>
</tr>
</tbody>
</table>

Table 9: Barriers to Enabling String Pattern

enabling strings. The first motor involved the deliberate and repeated funneling of organizational resources to particular areas of the organization. The second motor, which actually preceded and then followed the funneling motor, involved a relentless focus on future results,
outcomes, and impacts. The cycling between (1) resource funneling and (2) future focus sustained organizational energy and locomotion.

Organizational Funneling

Organizational funneling is the shape created by the deliberate and repeated concentration of organization resources (e.g. tools, money, staff, leadership focus) to particular areas of the organization. Resource focus cascades throughout the organization until, either resources become depleted, the organization surges to a higher level of performance, or new barriers present themselves, in which case, resources are shifted from improving an organizational area to removing or sidestepping the barrier to action. In any case, the pattern of intense, concentrated effort funneled to improve strategically critical areas characterized this change process.

This funneling shape manifested itself at enumerable opportunities. Mihm's core operational strategy, for example, involved focusing all organizational areas and resources on supporting the three strategic thrusts: claims, systems and training. All bureau operations had to be justified in terms of its contribution to one or more of these areas. The more an operation supported one or more of the strategic thrusts the more likely it would be itself considered strategic and the more likely it could expect to receive the resources it needed to get their own job done.

A funneling strategy is not an advisable option for the weak-hearted. It requires a "risk approaching", no holds
barred approach to play it out - and this requires a self-
confident, unwavering, uncompromising, focused leader. Mihm
treated strategic priority with a fundamentalist conviction.
I asked him on one occasion when he said he was particularly
"beaten up," what kept him going, where did he get his energy
from. He responded, "what we’re doing is just right. Our
rightness is going to keep us going and our rightness will
make it happen." He absolutely believed in his strategy7 and
his management team. His belief in the rightness of his
approach to change was unshakable. His confidence was
reflected in the extent to which he would divert all possible
organizational resources to support his three pronged
strategy.

The funneling shape also manifested itself in specific,
high priority actions, such as the selection of the BWC’s
transition team. The transition team put together the
bureau’s reengineering plan. They completely redesigned
bureau operations to operationalize Mihm’s and HB 222’s
private sector imagery. The transition team was comprised of
one representative from each “section” of the organization.
Mihm asked each of his section chiefs to hand pick one person
to represent their section. His only guideline was that
their selection be the “one person you could not do without.”
In other words, no expense was too great to give up for the
sake of the transition team - even the functioning of the

7Several earlier reports regarding the problems and
potential solutions for worker compensation distress
identified essentially the same formula for turnaround that
Mihm did, so there was substantial agreement about how to
“fix” the bureau.
rest of the organization. Again, this demonstrates the sanctity with which strategic priority was treated at the bureau.

BWC's claims and later the risk management pilot projects also reflected a funneling pattern. The pilots were a critical strategic priority. They were treated as "do or die" in the claims and risk management operations. Valued resources, like computers and printers, were collected and sent almost exclusively to support the Cleveland claims pilot. The Zanesville office, for example, had two computers and only one printer, the Cleveland office had two dozen computers and printers. Even though Cleveland was much bigger, the ratio of computers to staff was much smaller in Zanesville. The Cleveland office also received the best managers and the best staff. The top executive from the BWC's only division with a good reputation— the Safety and Hygiene Division, was transferred to oversee the Cleveland office. The former head of the Safety and Hygiene Division was considered by Mihm to be the best of his division managers. Even the COO spent significant chunks of his personal time managing the claims pilot and then the risk pilot. Mihm would occasionally lament his execs taking on an overly hands-on approach rather than allowing managers to do their job, but the executive level attention made things move and the pilots were critical strategic path. The pilots received more attention, by far, from the executive level than anything or anyone else.
The pilots were a fixed presence in executive staff meeting discussion. The pilots received the best people, the best managers, almost all of the bureau's computer and technological support, and any and all problems with the pilots were discussed at the top levels of the organization.

The sanctity of strategic priority to the near total exclusion of everything else not only governed highly visible strategic activity such as the pilots and the transition team, but it also shaped everyday, individual transactions. Here is one such example that involves an exchange between Mihm and his COO.

I found a brand new computer and printer in [my COO's] office. I left a post-it note on the new computer which said "does every claims analyst that needs a computer have one? - if no, then box this up and ship it." (Mihm, 6/27/91)

Clearly, the sanctity of strategic priorities outweighed even his own COO's efficiency and good will.

The funneling pattern assumes that "focus" is the key to change. The assumption is that concentrated energy, in the form of resources, people, and mental focus will find a way to get past barriers, mobilize an immobile workforce, and generally push the organization forward. One does not have to look far to find evidence to support a "focus-premise." At the organizational level, maintaining focus was one of Peters and Waterman's (1982) keys strategies to build organizational excellence. Perry (1991) identified "maintaining focus by keeping it simple" as one of the important lessons from successful Japanese and American
corporations during the 1980's. Evidence is beginning to accumulate to support this idea that focus counts. For example, a state of total focus has been associated with the phenomena of peak performance (Maslow, 1962). "When people experience the state of peak performance they feel completely involved, their skills are fully employed. They feel "in the groove," "on a roll" and in a state of complete focus and exhilaration (Quinn, 1985). J.P. Morgan, an investment bank, publishes an index which measures a firm's degree of concentration on its core businesses. They found that companies that have "focus" through clarifying their business have outperformed the market by 11% and grew commensurately. Those companies which have relied on diversification strategies have actually underperformed the market by 4% (J.P Morgan, in Pittsburgh Post-Gazette, 3/10/96). The underlying operation and relationship between focus and energy and success appears to have some conceptual and practical standing.

**Future Focus**

Another key process was a relentless focus on the future. In the present case, top management angled every strategic action to orient the organization to some future condition, with the hope that that would unfreeze the existing system and produce a concomitant attraction to Mihm's strategic imagery.

Maintaining a focus on future results and outcomes was absolutely critical to Mihm's approach. Maintaining and enforcing accountability to producing results kept
individuals focused on capitalizing on any opportunity that came available to achieve the result. The importance of quantifiable and objectifiable results to Mihm’s philosophy lay in the undeniable outcome of achieving or not achieving an outcome. “Mushy,” “touchy-feely” outcomes were not emphasized as accountabilities. Table 10 identifies some of

<table>
<thead>
<tr>
<th>A. CLAIMS PROCESS</th>
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</thead>
<tbody>
<tr>
<td>1) Initial Contact</td>
</tr>
<tr>
<td>- Assign claim # within 24 hours of receipt of claim</td>
</tr>
<tr>
<td>- Within 24 hours of assignment of claim number</td>
</tr>
<tr>
<td>2) Investigation completed within two weeks</td>
</tr>
<tr>
<td>a) Contact with appropriate statements</td>
</tr>
<tr>
<td>- injured worker</td>
</tr>
<tr>
<td>- employer</td>
</tr>
<tr>
<td>- primary treating physician</td>
</tr>
<tr>
<td>b) Verify facts</td>
</tr>
<tr>
<td>c) Index injured worker</td>
</tr>
<tr>
<td>d) Prompt investigation</td>
</tr>
<tr>
<td>3) Timely payment of initial Temporary Total Disability benefit</td>
</tr>
<tr>
<td>a) Paid within 3 days of determined eligibility</td>
</tr>
<tr>
<td>b) If delayed communication to injured worker and other interested parties as to reason, cause, and further action is required</td>
</tr>
<tr>
<td>c) If denied or contested communication within three days and in writing.</td>
</tr>
<tr>
<td>4) Reserving</td>
</tr>
<tr>
<td>- Investigation supports an early evaluation of the case dollar exposure</td>
</tr>
<tr>
<td>5) File direction planning</td>
</tr>
<tr>
<td>- Outlines the tempo of the case.</td>
</tr>
<tr>
<td>6) Claim handling/contingency</td>
</tr>
<tr>
<td>- Control through the hearing process. Involvement of necessary legal expertise.</td>
</tr>
<tr>
<td>7) Medical/Rehabilitation control</td>
</tr>
<tr>
<td>- Effectiveness of control and monitoring of appropriateness of medical and rehabilitation interventions and plans.</td>
</tr>
<tr>
<td>- Monitor plans for results.</td>
</tr>
<tr>
<td>- Refer to rehab within six months of receipt of claim.</td>
</tr>
<tr>
<td>8) Medical Cost Containment</td>
</tr>
<tr>
<td>- Use and effectiveness of UCR, utilization and other cost management devices.</td>
</tr>
<tr>
<td>9) Expense Controls</td>
</tr>
<tr>
<td>- In case examiner utilizing good judgement in the management of case. Adequate, comprehensive investigations and follow-up</td>
</tr>
<tr>
<td>10) File Documentation/maintenance</td>
</tr>
<tr>
<td>- Whether online or hard copy, file is clear and “speaks for itself” as to decision direction and resolution.</td>
</tr>
<tr>
<td>11) Supervisory input</td>
</tr>
<tr>
<td>- Effective direction and intervention by supervisory and management personnel.</td>
</tr>
<tr>
<td>12) Make first payment within three days from determining a claimant’s eligibility for compensation benefits.</td>
</tr>
<tr>
<td>13) Permanent Partial Disability Claim (c-92)</td>
</tr>
<tr>
<td>- Backlog reduce from 126 days to 45 days</td>
</tr>
<tr>
<td>14) Maximum processing time for C-92 75 days</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. MEDICAL BILL PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Avg. time from receipt of bill to adjudication date.</td>
</tr>
<tr>
<td>2) % of medical bills awaiting payment</td>
</tr>
<tr>
<td>3) Pay or deny at least 60% of lwe bills in the initial adjudication cycle</td>
</tr>
<tr>
<td>4) Resolve suspended fee bills within 45 days.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. RISK MANAGEMENT PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) 3 day processing time for employers’ applications for WC insurance.</td>
</tr>
<tr>
<td>2) Process 100% of employers’ applications within 14 days.</td>
</tr>
</tbody>
</table>

Table 10: Quality Standards

the outcomes and standards EWC quantified and established as desirable results.

Mihm’s intent was to create a risk-taking, threat-approaching, opportunity-seeking, result-focused organization.
that was constantly striving to improve itself and to "find a way" to solve problems. Like Mihm, Hamel and Prahalad (1989) and Perry (1991), argue that we should be counseling organizations to approach threats instead of block them and build on weaknesses instead of avoiding them. Threats, they argue, can actually have an energizing effect - they can turn complacency into action. Taking action that only blocks threats masks the possibilities that come with marshaling their inherent energetic capacity. Perry (1991) describes a variety of revitalization processes in which the major crosscutting themes included a more limited, but more adaptive, flexible use of the strategic management process relying almost exclusively on leveraging opportunities in whatever form opportunities appear in order to achieve an organization's vision. Risks are viewed as opportunities. Weaknesses are viewed as opportunities. Threats are viewed as opportunities. All of these are viewed as opportunities to leverage the organization in creative ways.

**Jumping Strings**

I call the third and final string pattern jumping strings because they attempted to produce jumps in organizational identity and performance. Jumping strings were characterized by attempts to create such identity and performance "breakthroughs" by changing (1) the root concepts and metaphors governing the way employees viewed the organization and their relationship to it; (2) the internal strategic environment, especially efforts to integrate across suborganizational autonomous efforts; and (3) the basic
relationship between BWC and its governmental context.

The third jumping string was weaved into Mihm's strategy fairly late in the process when it had become clear to Mihm that no further performance gains could be expected without a significant transformation in the relationship between BWC and its wider environment. The first and second strings were attempts to intertwine and connect the bureau's core strategic thrusts. Language and integrating mechanisms were Mihm's chief tools in his attempt to produce a holistic impact from focused, autonomous effort.

Root Concepts and Metaphors

Conger (1991) argues that while most theories of change discuss the importance of vision and strategic imagery we fail to talk about the key link between vision and organization - which is communicating the vision in a way that has power. Along a similar line, I found that while the literature has a great deal to say about strategies of change, it has little to say about how to craft language to support change. Frequent, open and honest, and nonsecretive communication are common prescriptions, but beyond that we do not have very much in the way of helping the would-be change agent/communicator.

Mihm's language influenced the change process by performing an "enabling function," generated a sense of momentum by using a particular "shaping function," and developed a sense of unity and coalignment across strategic thrusts by building on an "integrative or jumping function." In other words, Mihm had a distinct language for each phase.
of the change process.

Early on, enabling actions and strategy (i.e. structural changes, process changes, resource changes) were complemented by language that emphasized identity distinctions between what the BWC used to be and what the BWC is. Private sector language was encouraged and public sector language was impugned. The bureau was not a "bureau," for example, it was the "BWC." All correspondence, letterhead, reports, etc. were changed to read "BWC" in big, bold letters. He changed his own title of "Administrator," connotative of public executiveship, to CEO, connotative of private executiveship. He consistently communicated that the BWC had products and customers just like any other private corporation. He and his "executive staff" (changed from "senior" staff) referred to the early enabling structural reorganizations as promulgating a "business orientation." He would justify his plea for enabling budget resources with comparisons to "private industry standards." Throughout this early enabling phase of action and language Mihm's distinctions were quite clear, he was using language to change the root concepts of the organization from supporting a public sector to supporting a private sector corporate outlook. This early distinctional, public/private, self/customer, process/product language created new definitions of what was good and bad, appropriate and inappropriate thinking. Such oppositional language enhances understanding and employee sensemaking (Bougon and Komocar, 1987) by clarifying early on what the new regime is trying to accomplish.
Mihm’s language also supported shaping string patterns by generating a feel of movement using words, metaphors, and images that implied change, and movement to some future state. The primary linguistic operation here, is quite different from an “enabling” function that creates new distinctions to aid understanding and sensemaking. In effect, enabling language creates new conceptual space to work in. Shaping language directly creates a sense of movement itself within the conceptually enabled space. It directs attention to forward movement. For example,

"It's like driving by looking through the rear view mirror. The past doesn't tell us the future. It's like driving through Nebraska and suddenly finding the rocky mountains. You can't judge the future of going through the Rocky mountains based on Nebraska and eastern Colorado." (Mihm, 8/27/91)

Notice here, how Mihm in one image creates a sense of movement from past to future simultaneous to creating a sense of the appropriate way of doing that - by looking forward and not backward. He explained it another way to a group of employees in the Cleveland office:

"It's like you used to live on this island and eat strawberries. Well the strawberries are now poison. You can't eat the strawberries. Find a way to survive, find something else to eat." (Mihm, 6/28/91)

This is how Mihm talked. He used a lot of metaphors and imagery. He used a lot of common, understandable analogies. Attempts to create a sense of movement and flow is typical of CEO language. How many times have you heard: "We have to move forward," "We need to build momentum," "Get ready to launch the boat," or my personal favorite, "it's time to
either get on the train or get off it." All of these create a sense of movement, a sense of urgency. Mihm's language was much more colorful, and much more metaphorical.

Finally, Mihm's language also supported his jumping strings of activity. He spoke of quantum change -- that as time passed and the BWC improved-- the outsider's perspective had aged, it was based on years passed. He urged state legislators, constituency groups, and the media to experience a fresh and new look at the Bureau and its changed operations. He did the same thing with employees who had not stopped to think and reflect on what actually had changed. To one field office employee, who decided to take up Mihm on his open door policy, and was surprised to see that it was, indeed, open and said that the "former Administrator would never have done it." To which, Mihm asked "did you ask the former Administrator?" "No." "Then you judged without taking the initiative. Something changed that allowed you to take the initiative." Through conversations like these he attempted to create a quantum feel of change. He tried to draw attention to the difference between now and then to support a sense of quantum change.

His language also served a coaligning function in which CEO talk worked to bringing disparate, autonomous, streams of activity together into some kind of whole. He would use two language tactics to achieve this. First, he would use language to create a sense of integrativeness and unity of purpose. For example, in a conversation he had with a group of mid-level and senior-level managers he said, "Don't call
your meetings rehab meetings, or medical meetings, or claims meetings... they are all claims meetings. If you call it rehab it's going to be rehab. If you call it claims it's going to be claims...” He said this to orient his management staff to the idea that language has the capacity to integrate people behind certain purposes. Claims was part of the core strategy, so meeting labels were changed to refocus thinking to support a core strategy.

Second, he borrowed the language of the then popular TQM, and spoke of a “customer-focus” to generate unity around purpose and a service ethic. “Customer” is a concept that has several similes in the public servant’s dictionary so it caught on with staff throughout the organization and without significant resistance. The generative message that he wanted to get across through the integrative “customer” concept was the idea that to serve customers that had to regain a connection to them. They had to energize and act and to try new things and new experiences. Referring to a quote from a former President, Mihm once said, “To lose touch with the people is to lose touch with why people enter human service. The most effective and most satisfied of you will be those who make the effort to get out from behind your desk...those of you who will touch the world and allow the world to touch you”...that is what we’re trying to accomplish here.” (Mihm, 12/18/91)

Integrating Across Autonomous Organizational Activity

The second jumping string essentially attempted to integrate organizational thrusts with a sense of purpose and
values. Mihm’s early strategic imagery turned into a well communicated, often published vision statement (see Table 11) about a year and a half into the change process. Mihm’s vision was an attempt to “pull” people forward through an expression of the BWC’s ultimate goals — to be the best and to be recognized as such. He believed that by and large staff wanted to be successful, and that it would be this desire that could be relied on to pull the organization forward. Mihm also articulated a set of organizational values to help integrate the flurry of activity that was happening all around them with some sense of cohesion, joint purpose, and connection to the vision. Table 11 lists Mihm’s vision statement and his set of organizational values along with the tactical expression of these values.

Mihm also relied on a number of functional committees to provide forums to aid in cross-functional cohesion. For example, there was a finance committee that required participation from the operations, legal, and human resources staff. Similarly, there was project committee established to oversee particular projects and whose membership included managers from the different central office functional areas. All of these committees were intended to provided a means to integrate across autonomous units and to provide a sense of unity and a mechanism for cross-departmental communication.
<table>
<thead>
<tr>
<th>ORGANIZATIONAL VALUE</th>
<th>TACTICAL EXPRESSION OF VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPEN COMMUNICATION</td>
<td>INITIATED &quot;STRAIGHT TO THE TOP&quot; WHERE STAFF COULD WRITE, FAX, OR CALL CEO DIRECTLY. ALL RESPONDED TO PERSONALLY BY CEO.</td>
</tr>
<tr>
<td>INTELLIGENT RISK TAKING</td>
<td>NEVER PUNISHED MISTAKES. TOOK OPPORTUNITY TO COUNSEL AND TEACH THE INDIVIDUAL.</td>
</tr>
<tr>
<td>HIGH EXPECTATIONS OF OURSELVES AND OUR PERFORMANCE</td>
<td>CONSISTENTLY COMMUNICATED THE MESSAGE THAT THERE WAS NO REASON WE CAN'T BE THE BEST.</td>
</tr>
<tr>
<td>CREATE AN ENVIRONMENT IN WHICH STAFF CAN SUCCEED</td>
<td>CLEARLY AND CONSISTENTLY COMMUNICATED THIS MESSAGE TO HIS EXECUTIVE AND SUPERVISORY STAFF. MANAGEMENT'S JOB WAS TO CREATE AN ENVIRONMENT IN WHICH STAFF CAN BE SUCCESSFUL.</td>
</tr>
<tr>
<td>CONTINUOUS LEARNING BASED ON JOB SKILLS</td>
<td>CONSISTENTLY USED MISTAKES AS OPPORTUNITIES TO LEARN.</td>
</tr>
<tr>
<td>SIMPLE FORM AND STRUCTURE, FLATTEN ORGANIZATION</td>
<td>REDUCED SIZE OF UPPER MANAGEMENT AS WELL AS INCREASED SIZE OF LINE STAFF. STRAIGHT TO THE TOP PROGRAMS ALSO HELPE TO SUPPORT THE FEEL OF A FLAT ORGANIZATION.</td>
</tr>
<tr>
<td>CLOSE TO THE CUSTOMER</td>
<td>IDENTIFIED INJURED WORKERS AND EMPLOYERS AS THE TWO PRINCIPLE ORGANIZATIONAL CUSTOMERS.</td>
</tr>
</tbody>
</table>

Table 11: Organizational Vision and Values

Relationship Between BWC and the Governmental System

BWC's last jumping string included attempts to reinvent the bureau's context by legislatively lifting the constraints
to autonomy and self-determination (e.g. centralized personnel and administrative functions and imbuing the board with full autonomy and freedom from legislative and gubernatorial meddling) and by acquiring new authorities especially the authority to hire third party arbitrators (TPAs) and the authority to settle claims. He believed that his executive team had taken the BWC as far as it could go without a new mandate that assigned more authority, autonomy and resources to the organization.

Lifting these constraints to autonomy and increasing bureau authority required the environment to take action. Mihm would need conceptual support and commitment from the legislature to take tough, unpopular action in the face of hostile external publics.

Mihm believed that the system needed to change in the following three ways.

- The BWC Board needed to have the full authority to act independently. This would include establishing the bureau as autonomous from administrative constraints and legislative oversight of state government. Specifically, it would remove the bureau from administrative review from the Department of Administrative Services and the State Controlling board (an arm of the state legislature). Over multiple actions, lifting such constraints could mean a heightened ability to swiftly combat rising claims costs, accelerating demands and increasing pressure for reform, and providing the momentum necessary to turn the organization around.

- Provide for the adequate funding of the BWC. Current levels of BWC rates and funding has not kept pace with inflation in medical costs and litigation costs. Hence, the bureau is in a position where it cannot act like a private insurance company because it, by all industry standards, did not have the manpower to handle the claims volume, nor does it have the kind of technology that could facilitate the process
through automated means.

- Give the BWC the authority to hire Third Party Arbiters (TPA's) to settle disputed claims. Currently, the Industrial Commission (IC) has the ability to settle claims, but is not so inclined. Very few claims are settled. As such, claims costs will continue to escalate over time unabated. If a motivated authority (like the BWC) were given the opportunity to settle claims, actuaries predicted that a 1% increase in settlements would yield a reduction in needed actuarial reserves by $600 million. Bureau leadership predicted it could produce a 5% increase which would translate into an improvement of financial position of almost $3 billion.

These actions would essentially create a private sector organization, free from political and bureaucratic influences, with sufficient funds and autonomies to move performance levels to great heights. Mihm believed, using the conservative actuarial estimates of the Mercer-Dekker Inc. that an $85 million investment in the bureau's budget would produce a net positive impact of $185 million after five years, each year, every year thereafter. The financial implication could resound throughout the business community, and at least from a cost perspective, the BWC could jump forward in leaps and bounds.

Increased autonomy in terms of board freedom and the lifting of certain state administrative requirements could eliminate excessive delays and more importantly, the time lost focusing on justifying the change process rather than leading it. In addition to cost control, the organization's behavior had to change to support and sustain the investments. For Mihm, this meant speed and momentum and the lack of autonomy constantly threatened both. In effect, Mihm was trying to create exactly what he thought he was coming
into in the first place - a private sector corporation with a public environment yet insulated from it by legislating system change.

BWC’s case to the legislature would be fact-based and performance based. Mihm would argue that (1) on nearly all private sector comparisons the BWC was woefully understaffed, and (2) the pilots had met or exceeded all of its performance objectives which were shared with the legislature when they were identified a year earlier and (3) every outside consultant, auditor, and commission, that was asked to examine the BWC and provide recommendations came up with virtually the same package the BWC was currently working on and asking for. In other words, we need the money (private sector comparisons), we’ve proved we can do the job if we had the money (pilot project success), and what we’re doing is recognized as the right thing to do (multiple reviewers concur).

* * * * *

Mihm’s jumping strings unraveled near the end of his tenure. The legislature never did give the BWC the autonomy, authority and resources Mihm asked for. Language and symbolic tactics made gains instilling a customer mindset, but the culture never fully embraced the result-based, responsibility-taking “business-like” mindset he had hoped for. Culture showed signs of change in certain parts of the organization and under certain conditions. But as much as parts of the organization got better, other parts got much worse. The coaligning functions of cross-functional
committees and information sharing, strategic imagery, and other efforts to integrate across autonomous activity also failed to bring it all together. At one noteworthy incident, the CFO and his team had to correct the Chief Legal Officer and her team during budget hearings. They were both working in parallel but did not have time to connect their separate energies.

The BWC story is a complicated one. At one level, Mihm succeeded in improving the organization and proved that he could, given adequate resources, turn the organization around. Though he would not stay to see it, the turnaround was eventually recognized nationally. At another level, Mihm failed to do what he set out to - to create a private sector corporation within a public sector environment. It is difficult to say what stopped the transformation because no one can predict what would have happened if Mihm's string patterns were woven together differently.

While I can only speculate about what could have been, it does seem that the stoppers of the transformative process served a dual role as the facilitators of the turnaround process. Focus and funneling, for example, were both good and bad. They produced wonderful upgrades in the areas in which it was applied. On the other hand, those areas in which focus was not applied tended to fuel the inertial forces which restrained big change.

I observed that when impressive gains were being made in the areas focused upon, strategic losses were being racked up in the areas leadership was not focused on. In some cases,
BWC leadership was forced to focus on certain areas and lose sight of other due to external influences. Whatever the reason however, the strategic losses would require still more focus and more energy to correct – which created further imbalances. This repeating cycle allowed for some improvement but by and large the net improvement was rather minor. I refer to this pattern as “the one lead foot effect.” Figure 7 illustrates the effect.

![Diagram](image)

Figure 7: The One Lead Foot Effect

This pattern manifested itself in at least three important ways: (1) By focusing almost entirely on internal matters, external influences went unmanaged, and then diverting attention externally left internal matters unmanaged. Mihm’s early strategy was almost entirely internally directed. During an off-site meeting, Mihm responded – to one of his senior managers who proposed that they be more externally image-conscious – by saying that “if we improve ourselves internally the external environment will follow...We have to make our internal operations better to improve our external image.” This statement was quite
telling of Mihm’s worldview. First of all, at least at this point, he still believed that the board could insulate the bureau from political machinations. He viewed his job as turning around the internal environment and the board would handle the external environment. After all, he was recruited under that premise. Secondly, and perhaps more importantly, he disdained politics and the lack of facticity and objectivity of the politically symbolic world. “Imaging” the organization was not a factual, real approach to change. Imaging was tantamount to varnishing over the truth - which in his view had been one of the principle reasons behind the BWC’s decline in the first place. People simply had denied their reality. Their reality said that rates were too low, the bureau had insufficient staff, and insufficient technology, but past leadership and former politicians acted as though these problems did not exist simply because of the political repercussions of taking action.

GE began in as big a hole, or worse a hole [than we did] in 1981. Jack Welsh came in and took it over. One of Welsh’s cardinal principles was to accept reality - don’t wish it away, don’t talk it away, just accept it for what it is and do something about it. I believe in that. We are denying the reality we are in. That’s the major challenge we face. (Mihm, 2/6/92)

Focusing internally was as much a matter of principle, therefore, as it was a matter of operational concern. The problem was that this view of the environment created a number of issues. Near the end of 1990, the external environment began to shift. Early on, it was mildly supportive of Mihm’s activities and largely took a “wait and
see" approach to his tenure. That began to change when newly elected Governor Voinovich, who had made worker compensation reform a campaign pledge, began putting pressure on the agency. At the same time, media coverage began drudging up negative things that happened 5 years ago, bringing back the building issue, and other past problems. Legislators, interest groups, and businesses in general began to put "tremendous pressure to change" on the bureau and Mihm found himself explaining his actions before all of the major newspaper editorial boards, legislators, and the governor. Later, he would describe this phase as one of the two principle restraining forces to transformation because, "it focused us on justifying change rather than doing it."

Another manifestation of the one lead foot effect occurred as a result of (2) focusing on individual empowerment and autonomy at the expense of integrating across so-empowered individuals and their areas. Mihm’s principles were designed to engage individuals in creative and energetic activity to achieve new goals and new results. Personal efficacy, and personal accountability to results, costs, and performance were stressed. Taking things apart and then trying to put it back together again is a longstanding and yet unresolved issue in organizational leadership.

Concentrating on the personal energy that is released in an autonomous work setting -- whether that comes in a group form or an individual one -- always raises the possibility of integration problems across groups or across individuals.
Some of these problems did surface. For example, each of Mihm's executive officers were responsible for building, in Mihm own words, "their own organization." But in so doing, there were numerous opportunities that required cross-“organizational” cooperation and for a variety of reasons such cooperation was difficult to manage. Personality conflicts, the differential progress of their respective functional change efforts, and the lack of face-to-face time all contributed to miscommunication and cross-functional problems and conflict.

Integration problems and the conflict within the executive team would be a subject of discussion throughout our last dozen or so interviews with Mihm. Again, it occurred after significant growth had occurred within functional teams. Once cross-functional cooperation and dependency was required some confusion and anxiety about working together formed. In this case the one-lead foot effect directly circumvented Mihm's integrative jumping string.

Finally, the one lead foot effect manifested itself when (3) focusing efforts to improve pilot projects facilitated the "decline" of other offices and functional areas. One of the clear strategic patterns was the funneling of resources and attention on particular areas of the organization. But, while these areas improved, other areas suffered. The Cleveland pilots were a prime example. As I discussed, employees at the Cleveland pilots got the computers, supplies, and leadership support in large quantities. Those
employees were completely engaged by the the new process and
the new opportunities that had been provided them. Morale
there was the highest in the organization. Their backlog
dropped significantly. The new work methods were attracting
dozens of letters from happy companies and satisfied injured
workers. The Cleveland pilot, after experiencing the new
arrangement saw that it did indeed raise performance
possibilities, and that their individual initiative and
insight could produce huge productivity gains.

But while this was true of Cleveland, the rest of the
organization felt left in the dark. Even when Mihm and his
executive staff were visiting every single district office
and answering any and all questions, staff continued to feel
left out of the loop and suspicious that information was
being withheld. Employee claims that there was no
communication reached the Board of Directors and various
legislators. One of the BWC Board members conveyed his
concern over the lack of communication during one of BWC’s
public board meetings. Mihm quickly rebuked him, pointing
out the many avenues and attempts to keep communication lines
open and frequent.

The truth of the matter was that all his intentions,
activities and plans, and what not were completely availed to
employees. Nothing was held back. Everything was
communicated in some form or another, whether that was
through face to face communication, newsletters, memos,
speeches, etc. But for whatever reason, there seemed to be
that vocal contingency that bred suspicion and conflict.
Public and private sector executives know this characteristic response to change quite well. The difference in the public sector is that this vocal group can assert power through means outside the organizational hierarchy. They can claim to be whistleblowers, they can use the media, they can raise the ire of their local legislator, the Governor and/or their public employee union.

The tension had a ripple effect throughout the system, so much so that when the bureau did get around to taking externally directed action, the external world was already tainted by the complaints of employees from "neglected" organizational areas, or areas that were targeted for realignment to more critical areas. It did not take long for the tensions to fold in on themselves in such a way as to produce massive systemwide resistance to transformation.

Everything we try to do is misunderstood or resisted. We can’t sell it based on our own credibility. That just doesn’t work for whatever reason. If I had known it was going to be this complex, I probably would not be here...(Mihm, 1/6/92)

The one lead foot effect could also be observed, to a lesser extent, in other processes such as thinking vs. feeling processes in which Mihm clearly emphasized the logical, rational, factual processes of business and snubbed the feeling, imaging, symbolic processes for the political world. Mihm emphasized facts, candor, objectivity and "reality based solutions." It was his way or no way. Everyone else was denying the reality of the situation. The political, symbolic world wanted, in Mihm’s words, a
"morphine fix." They did not want a real one, they wanted to feel good. The press, the board, and legislature began to question his political savvy. The Cleveland Plain Dealer said that "he offended just about everyone." Mihn would eventually back off and let his COO and CLO manage external issues. He also became more personally compromising with political elites and he began to concentrate his external efforts on meeting with grass-roots business leaders. It was, of course, too little too late. He left office in April of 1992.

You know we're no longer trying to be a private company. We are trying to become a public organization with private features. That's a big change from [1990]. I think it evolved. I think either it evolved to the degree that the management team didn't have enough clout to prevent it. That may account for the conflict and the increasing conflict through 1991. We were the only group that was acting in that fashion. So we're the outliers. We're doing the right things but are we doing it in the wrong way in the environment we find ourselves in. I fought the politicization. I said many times I didn't come here to be a politician....I'm more toward the middle now. I'm not going to be able to change the environment. They needed to take a leap of faith. The environment looks at that chasm and doesn't want to make the jump, and without that leap of faith we don't get that momentum we need...Only way that could have happened was for us to come in with a different attitude. Because the power structure wasn't going to come in with a different attitude. So the pliable group should have been us, to get what we wanted. People advised me as early as March, to be more pliable, to work within the system. I refused to do it, kinda my way or no way. But conversely, if I had worked within the system, and maybe we wouldn't have gotten the $60 million expansion. I don't know what's right, but...being alone in the car for five days in the middle of Wyoming, you tend to get philosophical... (Mihn, 3/5/92)
CONCLUSION

I have outlined a model of organization turnaround that involved a first-order change, involving discontinuous flow occurring in sizable jumps forward followed by sizable jumps backwards over time to produce many small net gains. The change process was characterized by high frequency, high energy, high paced, high focused action funneled at high impact systems. The three elements of the bureau’s core strategy -- claims, systems, and training -- stayed consistent throughout the change process.

Mihm’s strategies got the organization past hurdles many never even try. His leadership was able to:

- Substantially increase the BWC’s budget greater than any other agency in the state that year.
- Substantially increase the BWC’s real cash through cost savings and investment portfolio shifts.
- Substantially improve all targeted operational areas, including claims and medical bill payments.
- Increase staff power by using temporary help and realigning 200 positions internally to areas of greatest need. Dozens of positions were reclassified, new job descriptions written, and all of these had to be worked out through several state administrative agencies.
- Substantially professionalized a clerical organization into an insurance organization.

Mihm and his staff achieved these gains by weaving together three complementary strings of activity over time as he moved the organization to his strategic image of the future. First, he orchestrated a series of actions that enabled change. He reorganized the BWC. He professionalized large chunks of its workforce. He realigned
hundreds of positions to buttress the Bureau's core processes. He leveraged 160 million new dollars from investment portfolio enhancements, financial management practices, expense reduction, budget increases. He reengineered the Bureau's core processes from paper processing to self managed team technology. These actions positioned the organization to think and act strategically and to engage in high energy change. Once positioned strategically, Mihm used a resource funneling and a future focus pattern to push and pull the organization and the bureau's core strategy repeatedly toward Mihm's strategic imagery. The Bureau's core strategy of claims, systems, and training, were pushed and pulled and leveraged as far as Mihm could take them.

Finally, the Bureau attempted to recreate its relationship to its environment through legislation which would give the agency more autonomy and authority to act decisively. Along with efforts to integrate strategic activity using a variety of cross-departmental mechanisms and the use of particular language patterns to alter human frames, influence sensemaking, and create a sense of movement and change, attempts to recreate the agency-environment relationship were referred to here as "jumping strings."

Our longitudinal, in-depth analysis of turnaround yielded a number of important insights about the phenomena. First, turnaround consists of hundreds, perhaps thousands of strategic actions that are mixed improvisationally to leverage a core strategy, core values, and a strategic image
of the future. Core strategy, core values, and strategic imagery are the three elements of the change process that are not open to improvisation. They are based, in large measure, on the CEO's personal philosophies and beliefs about what makes change happen.28

Second, although turnaround can be set in motion by using an internally-focused, monocural strategy aimed at producing organizational change, it cannot by itself generate enough momentum to jump the organization into a new identity. Support for a new mandate may need to be orchestrated among external elements and that requires an externally driven as well as an internally driven strategy to gain new and continued legislative support.

Indeed, I found that focusing first internally and then externally, building autonomy and then integration, managing the system and then managing feeling and meaning created a "one-lead-foot effect" that essentially reduced the original impact of high focus action. Mihm and his team found themselves having to focus externally, on integration, and on feelings and meaning to try to save the transformation. It does seem that a dual horn approach (Hampden-Turner, 1991) might have been more successful at producing the transformation.

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28 We did find, however, that near the end of his tenure Mihm started to change his strategic imagery and his basic strategy. His strategic imagery began to evolve into developing a "public organization with private sector features" as opposed to a private organization with a public sector environment. Strategies followed suit and became more externally directed at altering externally held biases. The CEO started to become more compliant, more compromising, and less dogmatic in his demeanor to legislators and other powerful members of the environment.
Third, I think that the chapter adds to the already sizable body of literature on private-public differences (e.g., Rainey, Backoff, and Levine, 1976; Allison, 1980; Fottler, 1981; Blumenthal, 1983; Cervantes, 1983; Rumsfeld, 1983; Weiss, 1983; Bozeman, 1987; Perry and Rainey, 1988). I provide further evidence that public and private sector differences are critical to transporting leading private sector thinking to public settings. I find here that Mihm's change process was beset by any number of barriers to change endemic to public settings including constraints to develop enabling structure (e.g., difficult to "flatten" organization due to constraints to realignment, termination, and hiring practices; slowness of centralized administrative and personnel functions; significant claims staff shortages; and tendency of supervisors to inflate performance reviews of people who do not perform well); constraints to reengineering high impact processes (e.g., contracting and purchasing technology slowed by legislative and administrative processes; lack of quality supervisors; staff quality and skill base relatively low and process oriented; and some processes key to organizational improvement are managed by other agencies); and constraints to leveraging and/or securing adequate resources (e.g., legislature tends to focus on short term political goals, control over key costs outside the control of the organization, and the political operations of compromise do not serve an organization that should be based on cost-of-service).
Probably the most important public/private distinction for Mihrm was his relationship to the environment. Mihrm's relationship to the environment went through several permutations. Early on he viewed the environment as a "thing" to be responded to, or as a series of actors that need to be scanned, predicted, and to act accordingly with to produce desired behaviors. Later, he would use the "environment" in a way that imputed onto it human intentionality. For example, he would say things like "the environment won't change....the environment won't let us change"... Table 12 illustrates several important trends in the CEO's relationship to the environment. Generally speaking, the CEO's relationship to the environment shifted in the following ways.

There are several striking things about table 12. One is the apparent relationship between the political environment and Mihrm's own sense of personal efficacy. His resignation, I believe, was directly linked to this lessened view of personal empowerment. I think he had and will always have a level of self confidence that matches his extraordinary talents. But as this experience unfolded he began to believe that he was not the right match for the situation. He began to believe, in retrospect, that in order to succeed he would have had to have been a different person.

Interestingly, Mihrm began to move in that direction near the end of his tenure. The character of his language, for example, changed slightly to reflect a changing worldview.
Early on, Mihn's enabling language was decisive, either/or

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
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<tbody>
<tr>
<td>A conception of the environment as consisting of disconnected, but</td>
<td>A conception of the environment as an interconnected, immutable, active whole that seeks to maintain its self-sustaining structure.</td>
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<tr>
<td>passively related things like the economy, customers, and the</td>
<td></td>
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<td>media.</td>
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<tr>
<td>A conception of the organization/environment interface as fairly</td>
<td>A conception of the organization/environment interface as permeable, mutually invasive boundary.</td>
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<td>distinct and insulated from each other.</td>
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<tr>
<td>The CEO as a disconnected, dispassionate, but concerned observer on</td>
<td>The CEO as an active participant constantly embroiled in managing the environment, including speeches, one-on-one migs, lobbying, etc.</td>
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<td>top of emerging environmental trends, using marketing concepts to</td>
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<td>manage the environment.</td>
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<tr>
<td>The use of language that makes definitional distinctions to guide and</td>
<td>Increasing use of &quot;middle talk&quot; or language that embodies elements of compromise and bi-polar thinking as opposed to uni-polar either/or distincional thinking.</td>
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<td>orient behavior.</td>
<td></td>
</tr>
<tr>
<td>A steadfast belief in personal and organizational efficacy</td>
<td>A sense of personal and organizational inability to produce a change the system</td>
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</tbody>
</table>

Table 12: Movement in CEO-Environment Relationship

judgments of right and wrong. His movement language was also oriented to distinctions. His clear, decisive, either/or type language was somewhat predictable given his successful past in the private sector. He was used to making a decision and seeing it happen. He was used to seeing the outcomes of his decisions. He was used to deciding what was right and then energizing his staff to produce the result.

After he experienced the government environment he would remark, "I'll make a decision and it might happen...that's a
big difference." A myriad of forces in government mute this kind of monocratic decision making. Consensus building, collaboration, negotiation mute against "the right decision," because what is right in a situation involving compromise is often what the compromisers can agree to, not what one individual defines as right.

His language would begin to show these subtle influences. In the last few months he began making comments like these, "I never wanted to be a politician, but I'm halfway there." "I didn't come here to be a politician but I'm more in the middle now." "The pliable group should have been us." "I refused to do it, kinda my way or no way. But conversely, if I had worked within the system, maybe we wouldn't have gotten the $60 million expansion. I don't know what's right."

Notice that Mihm's language shifted from stark, yes/no, right/wrong type distinctions to "on the other hand's," both/and's, "in the middle," and "what's right's?," incidentally, the sort of language one might expect in government and political processes. Government after all nurtures compromise, "middle talk," and negotiated solutions rather than totalitarian type solutions associated with business hierarchies.

Mihm also became much more externally focused as time wore on. He spent significant chunks of his time paying attention to attentive interest groups, business associations, attorneys, doctors, and just about everyone connected to the system. He came to be CEO, but instead he
started to become "a politician." This too confirms what we know about executive differences in the public and private sectors. Public sector executives spend significantly more time working with external agents than their private sector counterparts (e.g. Rainey, 1992).

Table 12 also confirms what we know about the nature of the public sector environment. Public sector environments are not only often characterized by high pressure, hostile external publics but the external environment is often linked to the internal environment through political appointees and partisanship. Boundaries between internal and external are nonexistent. Having these built in loops between internal and external were completely foreign to Mihm. Once, Mihm would remark its almost like supervising a lot of "boss's sons."

These are really just the most important of several public private distinctions that Mihm noticed. Others in a long list of differences that Mihm would lament, include:

- Change moves much, much slower in the public sector.
- When the CEO speaks, not everyone listens, and action is not necessarily taken.
- The organization and the system in general was focused more on "feelings" than it was on rationality. In Mihm's view people wanted a "morphine fix," not a real one.
- The legislature is not a risk taking entity, therefore organization change efforts that require risk and leaps of faith will have a hard time being supported.
- The legislature is focused on short term gain, not long term focus.
- The media blows every blemish out of proportion, and often takes the worst spin on just about everything.
- Internal improvements do not necessarily translate into external support and belief in improvement.
The one-liner I have about all of this is that it is quite clear that private sector executives must adjust their thinking and general beliefs about managing change to be successful. Mihm was successful as an architect of system change, but by his and most accounts, he failed at actually producing the change he desired. Mihm’s success at turning the organization around would not show up until several years later, and only after at least two other CEO’s took over his place. Perhaps, changing complex public organizations, under these conditions of extraordinary external pressure and multiple, influential, and competing publics it takes several CEO’s to successful manage the change process. Perhaps Mihm was the first critical link among a chain of slightly more successful CEO’s.
Organizational transformation is the least understood change process in public institutions. A number of people have defined transformational change theoretically and talked about how one might produce a transformative experience, (Bartunek, 1984; Gersick, 1991; Van de Ven, 1995) but very, very few have documented actual transformations. Perhaps this is because transformation occurs so infrequently that it is difficult to capture, and therefore it is even more difficult to capture as it is happening.29 Chapter 1 has already reviewed and summarized the few existing efforts (e.g. Roberts, 1985; Wechsler and Backoff, 1986; Frost-Kumpf et al, 1992; Frost-Kumpf et al, 1993) to dissect

29'BWC, for example, began as a purposive attempt to transformation an organization, but it turned into a turnaround experience as a result of a host of external pressures and impediments as well from unforeseen side effects of the transformational strategy itself. There are a few noteworthy attempts to describe transformational processes in public organizations. Specifically Roberts' (1985) discussion of transforming leadership in the case of a large Minnesota school district and Backoff's Ohio Studies which involved several examinations of transformational strategies used at the Ohio Department of Mental Retardation and Development Disabilities (Wechsler and Backoff, 1986) in the late 1970's and early 1980's, the Ohio Department of Mental Health during the mid to late 1980's (Frost-Kumpf and Ishiyama, 1991), and the Public Utilities Commission of Ohio (Frost-Kumpf, Ishiyama, Wechsler and Backoff, 1992).
transformational change.

At base, there appears to be agreement that at least two characteristics constitute a transformation. First, it is generally argued that transformation involves a change of the second order as opposed to a change of the first order. First order change is a quantitative change in degree or extent. Second order change is a qualitative change of state. Some liken transformational change to the change of water to steam as the temperature of the water reaches its boiling point (Ford and Ford, 1994). From an organizational perspective, a first order change would involve doing something better, like producing more widgets. A second order change would involve doing something different.

Most researchers also seem to agree that transformational change is expressed as discontinuous change. Change occurs in quantum jumps. The organization "jumps" into another state or jumps to a new shape, form and purpose. Miller and Friesen (1982) for example, found that organizations jump through several different, but fairly stable forms. Levy and Murray (1986), summarizing the dialectical, neo-marxist perspective of change, found that social systems go through long periods of evolutionary (continuous) change followed by short periods of revolutionary change (discontinuous). During these revolutionary periods the system transforms itself into a higher and better way of organizing in terms of social justice, social security, individual freedom, development and growth.

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Similarly, Slater (1974) and Cummings (1977) credit such transformations to dialectical processes of theses producing their own antitheses and the interaction between them producing a new state which is a synthesis of both yet qualitatively different from either. Bartunek (1984) credits the discontinuous jump to leadership's ability to "reframe" the organization - to change the patterns of thinking by changing, in effect, the context or the lenses through which people look at the organization and what it is doing. Smith (1982) credits discontinuous change to new ideas, based on new logics, new concepts and new metaphors which transcend old ways of thinking and doing things.

This chapter augments this theoretical research by describing the transformation of two children's psychiatric hospitals in Ohio into regional multi-site community based programs. I believe these two change experiences constitute transformation because both underwent fundamental, discontinuous, qualitative change.

The rest of this chapter is organized into four parts. Part 1 responds to the question - what does hospital transformation look like? Then, in part 2, I describe the hows and whys of the change process highlighting internal and external subprocesses in transformation. Part 3 describes the key dynamics, particularly the influences of context and process on the differential transformational outcomes achieved at Sagamore and Millcreek. Finally, part 4 tempers our observations about context and process influences with the tactical aspects of producing change.

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What Does Transformation Look Like? Transformational Change in Two Psychiatric Hospitals.

State mental hospitals, once the bread and butter of mental health services, now have a substantially reduced role in contemporary public systems of care. Local mental health authorities have expanded community alternatives to hospitalization and as a result, hospital daily resident populations are down all over the country.

Even though more and more consumers are being treated in the community, most public mental health dollars continue to be devoted to maintaining state psychiatric facilities. Community support/control advocates advocate closing these hospitals and transferring the budgets to cover rising community costs and responsibilities. Many believe that without a substantial transfer of hospital funds local mental health authorities will go bankrupt. This scenario is being played out across the country and as such, hospital closures are considered imminent in most states (Taube and Goldman, 1989; Dorwart et al, 1988; Becker, 1993).

Throughout this process, state mental health policy has shied away from the sticky problem of what to do with the state hospital employee. The hospital employee is seen as somehow “not part of the program,” and their loss of employment is viewed as an unfortunate but necessary sacrifice for the greater good. What else can one do with high priced union employees who have faithfully done their job for years? Indeed, there seem to be only two options: closing facilities, which involves helping staff find new
jobs in a lack luster human services economy, or keeping them open, which risks inflaming local communities.

But what if it didn’t have to be this way? What would it take to be mindful of community resource requirements to complete the systemwide transformation while simultaneously remaining loyal to state hospital workers?

Three options (and there are probably multiple variations on each) have been suggested to address both sets of concerns.

1) **Close the hospital, redistribute its budget to community authorities and make a commitment to find jobs for state employees in the community** - This is by far the most commonly thought of option and should be explored. Local mental health authorities would agree to establish, in contract if possible, to guarantee community employment for some or all displaced hospital workers. (Realistically, this option is usually recommended as a non-contractual effort to find jobs for displaced workers.) A hospital’s budget would be redistributed to communities and thereby improve community capacity. But, hospital staff would get new jobs. Some of the problems associated with this option include loss of union wages (with a possible cut in salary of about 50%), significant union resistance, and a poor human services job market.

2) **Transfer the hospital to the control of a group of boards** - This intriguing option transfers ownership to a council of governments (COG) responsible for closing or not closing the hospital. Boards would become susceptible to the union and media pressures which typically accompany closure. It is quite possible board ownership might assure a solution that is both good for communities and fairminded to state employees because it forces boards to downsize responsibly.

3) **Convert the hospital staff into a community based mental health program** - A third option involves transforming (converting) the hospital into a community based program. For years, states have experimented with programs involving small numbers of state hospital staff performing community-type services. Hospital conversions take these experimentations to a new level. Hospital conversions involve the mass retraining of all or nearly all hospital staff to perform community-type services. Such a transformation is accompanied by the complete dismantling of a hospital’s physical plant and its related costs. In this way, community
concerns are partially accommodated because some dollars are
freed for community use, employee and union concerns are
partially allayed because some if not most jobs are saved,
and consumer warnings that adequate community supports do not
exist are heeded. Of the three options, this is the only
option that does not actually close the hospital. The
hospital is reinvented.

All three options attempt to accommodate staff interests
while adding resources to local communities. The first two
options remain within conventional logics: close the hospital
and redistribute the money. The third option does not
actually involve closing the hospital. People, and not
money, are redistributed to communities. This third option
actually bolsters hospital capacity while bolstering
community capacity. It is a dialectical solution that is a
synthesis of hospital and community perspectives yet it
transcends both.

To a state agency facing a host of competing pressures
from communities, unions, hospital staff, legislators, and
the public, a hospital transformation to community based
service can present an intriguing and potentially fruitful
synthesis. All parties gain from opting into a conversion
strategy. But, while this may be so, some parties may
perceive a loss as well. Local boards, in particular, were
the most vocal objectors to the transformation. Local boards
believe they gain some but not all of the buying power that
they would have had under closure and hospital budget
transfer.

The reason for local resistance can be linked to the
frame breaking properties of transformation. Transformation
challenges existing boundaries and roles between boards, the
department and the hospital. It requires shifts in thinking at a number of different levels, and it rediverts the accepted and galvanized stream of action of the most recent decade. Even small deviations from this course may appear ideologically threatening.

A conversion strategy fuses two primary objectives. First, it attempts to add needed resources to local communities by injecting additional dollars and in-kind resources. Second, it seeks to rebuild and reinvent rather than close state hospitals and downsize employees.

Generally speaking, these objectives are treated as competing ones in Ohio and elsewhere. The community and hospital perspectives exist in an ongoing zero-sum struggle. Hospitals and communities compete for a relatively static state mental health budget. Increases in community budgets mean decreases in hospital budgets and vice versa. It is no wonder that community support/control advocates eye state mental hospital budgets as a panacea for their financially depleted systems. Similarly, it is no wonder that hospitals often view communities as, well, sort of “money-grubbing.” Figure 8 illustrates the zero sum game as a continuum between hospital and communities. Notice that moving “X” right or left necessarily increases/decreases hospital capacity by the exact amount of the increase/decrease in community capacity.

![Diagram](image)

**Figure 8: Hospital-Community Continuum**

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The zero-sum game plays out an ideological stage as well. The principle of "the least restrictive environment possible," based on concerns for human freedoms, choicemaking and the stigma of institutionalization, often guides community placement. It is believed that hospitals should be used in only the most extra-ordinary circumstances. Ideologically speaking, hospitals, and perhaps by association, their staff are viewed as arcane symbols of the "old way of doing things" and (by implication) the wrong way of doing things.

Conversion attempts to suspend these zero-sum game dynamics by transfiguring the hospital-community continuum into a hospital community dialectic. The Hegelian dialectic involves a thesis, an antithesis (the opposite of the thesis), and a synthesis, which is a state born by the struggle between thesis and antithesis yet qualitatively different from either. A conversion can be thought of analogically as the synthesis that is created by the interaction of a thesis with its antithesis (hospital and community or vice versa). Figure 9 illustrates one way to visualize a dialectic (Garajedajhi, 1988).

Dialectical movement is particularly relevant to the present case because it allows for shifts along one axis or dimension without precluding movement along another. It could be argued, for example, that just prior to the conversion, both regions were cash poor and both hospitals were capacity poor. Hospital rolls at Sagamore and Millcreek hovered around 10-15 kids. One hundred and ten full-time
staff provided services to these 10-15 kids. In other words, the hospital maintained a bloated staff to kid ratio of about 10/1.

After the conversion, hospital capacity doubled and their staff to client ratio decreased by half. The new Sagamore and Millcreek are "clinically rich" and "administratively light." The converted programs rely on only about 2-3 administrative staff. Many programs are already performing at dramatically higher levels of activity. Staff are excited again and for the first time in years, things are hopeful. Rather than working in an institutional setting, staff were now going to be part of the new, cutting edge, risk taking world of community care. They were now part of the action instead of "part of the problem." The monkeys were and are finally off their backs.

Local boards are also doing quite well. Boards are now 300-350k richer. The state flexible fund to communities is two million plus larger. Local boards also have several new
programs which significantly raise local potential for generating Medicaid revenue. Some of these new programs have become the entire children's system for the board area. Indeed, boards have the opportunity to construct a whole new agency that will respond to board needs, and then redesign the system to work with it. Boards, like the hospital, have the opportunity to completely reinvent their system.

Both hospital and community gained. Movement along the dialectic is illustrated in Figure 10.

![Diagram](image)

Figure 10: A Graphic Representation of Movement Along a Hospital Community Dialectic

How did ODMH and hospital leadership produce the transformations? To respond to this question I outline the differences and similarities in their approach and in their contexts, beginning with the early strategic challenges facing them.

**Strategic Challenges: Sagamore Hills and Millcreek**

Sagamore staff were quick to point out that they were not like other state hospitals or like other state workers.
They worked harder, they took more pride in their jobs, they cared about the children and adolescents who came to them for help. Sagamore’s kids were not just any kids. They were the toughest ones. Community agencies sent them because they did not have the capacity themselves to treat the toughest ones. Yet Sagamore took these kids and helped them get well. Sagamore believed it was the very best.

Unlike Sagamore, Millcreek neither viewed itself or was viewed by others as a premier hospital. Its history was speckled with management worker conflict. It had a reputation among the southwest boards as being a poor quality provider. Even though it too did good quality work with difficult children, it was not thought of highly.

Like many other state mental health systems during the 1980’s, Sagamore and Millcreek’s environment began to change. Ohio’s mental health system began shifting from a hospital-based system to a community based system. Under Ohio’s new Mental Health Act of 1988, Community Boards of Mental Health

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The Mental Health Act of 1988 concretized significant changes in Ohio’s mental health system. Some of the Act’s key provisions included: (1) The Act formally decentralized the responsibility for managing local systems of care to 53 boards of mental health. This included establishing contracts for both outpatient and inpatient services. Inpatient services usually meant state hospitals. Many boards were already using private providers of inpatient services. (2) The Act outlined a four year strategy to transfer budget dollars from ODMH’s state hospital line item to the line item allocated to community boards. Ten, twenty, forty and finally sixty percent of the ODMH budget would be allocated to the community line items in the four years following the Act’s adoption. (3) It grounded the system in a comm’y support philosophy which meant that Sagamore would have to very sensitive to cost and service quality. While Sagamore had always provided quality services, they also enjoyed a healthy and stable state budget.

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would be responsible for contracting for inpatient and other services from state hospitals or private providers. Hospitals would now have to compete for services, as options for community boards grew. There was also a decided bias in the community to develop private alternatives to public inpatient care. What's more, ODMH set up a funding mechanism that rewarded boards for taking consumers out of hospitals.

_Sagamore's Path_

Sagamore, seeing the handwriting on the wall that said that hospitals would have to change to survive, engaged in a purposive, planned attempt to reinvent itself. Over the next four years, between 1988 through 1991, there was a sustained flurry of activity to challenge conventional institutional logics and develop new community oriented services. Brainstorming and planning sessions were organized around questions like - what would happen if the building was suddenly blown up? What kinds of skills and talents could the staff sell that did not need the security and structure provided by four walls? What would be our mission in the community? How could we downsize while simultaneously enhancing the intensity of care? How could we cut costs? How could we get kids out of the hospital and into the home fast and with supports?

_We kicked butt...we got some children and some staff out of there that who needed to leave, we broke through some real concretized thinking about children and programming, we developed a wonderfully creative approach called "Without Walls," we saw staff grow and reach beyond the bounds of the hospital... and that was great work. (Sagamore Staff, 6/93)_.

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Sagamore developed several proposals based on internal evaluations and needs assessments of community constituencies including: day treatment; acute care; residential services; sex offender treatment; and home based care (referred to as Without Walls or "WOW"). Sagamore also argued that it should become a private not-for-profit self sufficient entity or what they referred to as "Sagamore Inc."

ODMH did not buy into the "Sagamore Inc." concept though it considered it a lively and potentially good idea. The department rejected all of Sagamore's proposals except the home based care program called "Without Walls" - a home based care program designed to support children and their parents in their homes. Residential services was rejected because Sagamore was a hospital in a distant suburban bedroom community. The department would not fund residential services unless they were absolutely necessary and were as integrative with the community as possible. Sagamore's proposal for residential services, according to the department, met neither of these criteria. Acute care and the sex offender programs were rejected for similar reasons.

This, then, became a critical point in Sagamore's history. It could not be a residential facility. It could not be a facility based acute care unit. It could not be a facility based sex offender program. Moreover, the department did not know if the WOW program could or even should become a Medicaid provider. WOW would be seriously disadvantaged in competing for scarce community resources without a Medicaid eligible status.
It felt very much like Sagamore was being set up to fail, just because we were a hospital, or at least being set up not to change and that was [tantamount to failing]. You could see it like a train coming down the track. I don't think the administration viewed a change in the role of the organization favorably. I think that the perspective was that the organization would be better off not existing...
(Sagamore staff, 7/93)

Other forces also worked against Sagamore. The new funding formula rewarded Boards for reducing their state hospital usage. These incentives essentially provided communities the leeway to develop their own services, and in so doing, reduce their reliance on Sagamore.

The confluence of financial incentives and community based ideals, held by both community decision makers and Sagamore's leadership, combined to bring about a large drop in the hospital's census, slowly at first and then quite suddenly. The drop in the census had the unfortunate impact of driving Sagamore's "per diem," or their charges for services, upward. The per diem rate was based on total costs per person served or roughly:

\[
\text{Total Hospital Costs/Day} = \frac{\text{Per Diem Rate (PDR)}}{\text{Number of Persons/Day}}
\]

As the "number of persons per day" or the denominator on the left hand side decreases, the right side of the equation or PDR increases. In response to an increasing PDR, boards will eventually reduce the number of persons they send to Sagamore. Hence, "number of persons per day" decreases even more which in turn further increases PDR, and so on, and so
on. This cyclical effect would make Sagamore less competitive rather quickly and could easily make its costs totally prohibitive. Many of Sagamore’s staff believed that ODMH had purposely set the dynamic in motion by their lack of action and support. It was a strategy to justify closure.

In the short term Sagamore could manage well enough. It was still one of only two children’s psychiatric hospitals in the state. Communities who lacked the resources to care for their kids locally would continue to use Sagamore. Even these communities would be forced, in time, to find other alternatives when rates continued climbing upward. Sagamore would be shut down unless something dramatic happened.

In late November, 1991 the Association of Boards of Mental Health and Alcohol and Drug Addiction and the Council of Mental Health Agencies submitted a joint proposal to ODMH which called for the closing of Sagamore Hills.

Last November when we got the letter from the NE Boards. [There was] tremendous frustration...and sadness, ...and anger. Frustration, in that you’re trying so hard to do a really good job. We had all of these programs written up and in place and we were saying that these are the things we can do and to have people you have known for a long time saying ... we don’t want anything you have to offer...that personally felt pretty bad to me... You feel like you have professional credibility, you put your life blood in it, you’ve done a good job for kids and have the very people you’ve served say we no longer want what you have to offer... [the CEO] sat down with [us] after lunch, at an all day training someplace. We just left...went to lunch... sat down... hashed it out and reacted to it alone before the rest of the group. It was very frustrating, and it was like what more can you do?...I mean we’ve done everything and yet here it is...they’re not interested in that and so now what’s the next step. (Sagamore staff, 7/93)
Sagamore's CEO read the board and agency proposal to staff. People were dead silent. After years of speculation, and after years of trying to change what seemed inevitable, Sagamore was going to close.

**Millcreek's Path**

Unlike Sagamore, the handwriting was not on Millcreek's walls -- at least for the first several years. Although a few of the boards in the southwest region had been very aggressive about developing children programming, Hamilton County, the largest county in the southwest region had very little community children's programming, nor did it appear that any programs separate from using Millcreek was in the works. Indeed, year after year, Millcreek's rolls were dominated from children from Hamilton county. All indications were that Hamilton Co. would continue to send kids to Millcreek and keep them busy year round. During the four years that Sagamore was pounding the pavement, Millcreek was watching, waiting, worried, but beyond that business was pretty much the same as usual.

In late 1991 and early 1992, however, things began to change. Millcreek's rolls had plummeted since two of the board areas developed case management programs for children. Instead of serving 40+ in their heyday, they were now serving around a 15 average daily resident population (most all of whom were from Hamilton county). The four smaller boards in the southwest started to put pressure on the department to close the hospital. At the same time, the Cincinnati papers began a blitzkrieg on mental health issues in Hamilton
county, focusing specifically on the lack of children services. Finally, ODMH was gearing up its "children and families" initiative which was an issue that the Governor paid close attention to. All of these forces, trickling in at first, and then coming in waves, fueled a general understanding that Millcreek was going to change in some significant ways, even though Hamilton county could probably keep them in business for years. A critical mass was clearly forming in the environment at some turning point in the not too distant future. ODMH, the five southwest regional boards, and Millcreek began meeting in the fall of 1992. By this time, Sagamore was already separated into several multi-site programs though significant issues were still being hammered out around portions of the transformation.

The difference between Millcreek's and Sagamore's path should be fairly obvious. Sagamore took a vision-driven, hard charging, energetic approach to change. Their CEO, Donald Thernes, saw the writing on the walls, and could see what was happening and what needed to be done "like a train coming down the track." He pushed and pressed for several years to transform the hospital into "Sagamore Inc." He met with boards, he worked with staff to devise new and better programming, he constantly demanded a "what if" and a "whatever it takes" mentality from his staff to challenge convention. Millcreek, on the other hand, sat back and waited for the decision from high up to be made.

But interestingly enough, despite the different styles and approaches, both processes produced essentially the same
transformational outcome. In fact, I will argue in the next section that Millcreek’s outcomes were actually better for the hospital and for the local communities. More people were retained. Less people were laid off. Local community boards received a higher percentage of the hospital’s budget.

Sagamore’s high energy path resulted in little gain.”

The department basically said no to all but one of their proposals. Boards, with the exception of a few, were not all that interested in Sagamore’s proposals. No one in authority seemed to care. When Sagamore sent out their proposals and got no response, its CEO called it his lowest point.

Millcreek’s low energy path produced as good a result if not better. From an efficiency of action perspective, Millcreek fared much, much better. Millcreek showed very little wasted energy. Their actions were much more pointed, directed, and “impactful.” Sagamore actions, while high energy, produced some resentment and friction with community boards and agencies.

The How’s and the Why’s of the Change Process

Both hospitals, obviously, did pull off their respective transformations once ODMR allowed it and community boards agreed to it. Two distinct subprocesses characterized the two transformations. The first subprocess involved the planned and emergent reinvention of the hospital’s core technologies, services and people from a hospital environment

"The one program the department (the without walls program) did accept turned out to be a central piece of their new organization."
to a community environment. The second subprocess, and by far, the more delicate of the two, was the external negotiations with community boards of mental health. I first describe the internal organization reinvention process and then I summarize the dynamics of the external, interorganizational transformation.

Organization Reinvention

Both hospitals, once so engaged by ODMH to transform the hospital, accomplished the transformation in similar ways. The shared patterns of action grouped into six major categories.

1. Making the Transformation Work for Staff and Children

Both hospitals initiated a cluster of actions targeted at producing the best possible outcomes for staff and for children. No children's lives were lost. Very few people were actually laid off. Finding people jobs in other state hospitals, in private sector agencies, in SOS programs, and in any form possible was the main focus of hospital leadership during periods of the transformation. Both hospitals laid off less than 10 people (out of 110–120 full time staff).

2. Design Temporary Internal Systems for Speed and the Long Term

Both hospitals established a temporary, parallel organization to respond to the temporary linkages established with regional board/ODMH planning. The temporary organization consisted of two separate temporary structures. The first was essentially a "quick response team." Their quick response team consisted of a relatively small circle of
close, trusted senior managers and personal confidants that had the breadth of experience to decide and act quickly. They were also individuals who trusted each other “with their lives.” The second was a larger circle of people that worked toward building longer term, broader range programming as well as the smaller range details of opening community based programs including program elements, location, facilities, developing site based policies and programming, and handling the variety of personnel issues.

3. Services Drive the Change Process—In both transformations, services drove the change process. Once a new service was identified both temporary organizations were invoked to start developing possible programming. The transformed organizations were aligned around the services they established. A “zero-based staffing” orientation was used to staff these new organizations. Training, location, technology and resources were all organized around the services identified and designed.

4. Keeping Staff Focused, Motivated and on Board—A third cluster of activity organized around keeping staff hopeful, motivated, and on board with the transformation. This meant participation in program planning, maximizing staff choices around their future, keeping their trust, frequent and timely communication in as much detail as possible. Staff need to

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Zero Based Staffing essentially is the human resources complement to downsizing and reengineering processes. (see Greengard, 1995) EBS involves identifying what an organization should do, identify which positions are needed to do that, and then identify the individuals to fill those slots. The “downsizing” is guided by a clear understanding of what skills will be required in the future organization rather than simply cutting the staff by 20% or whatever.
understand the uncertainty of planning and preparing for a constantly changing future as the board/ODMH planning processes waxed and waned.

5. Reinvent Relationships with Local Boards of Mental Health - Both hospitals worked to develop a symbiotic relationship with local community boards of mental health and local community mental health agencies. Even after ODMH/Board planning stopped, organizational direction setting became a joint decision between the hospital, ODMH, and the local boards affected. Leadership over hospital matters became a partnership between the state and communities. Staff supervision, in many instances, became a joint effort between community agencies and the hospital leadership. Resources were shared between community agencies and the hospital. Generally speaking, the hospitals dramatically altered their relationship to communities to pull off the transformations.

Though hospital transformation could be viewed as a dual process of opening and closing, the dynamics typical of closing such as a hostile staff and aggressive employee union tactics never arose. I believe that this was so because hospital transformation did, in fact, take employee issues into account. Director Hogan was able to effectively communicate that fact to the employee unions, and the respective CEOs were able to effectively communicate that fact to their staff. Hogan and the CEOs were able to communicate and reinforce the need to transform as kid-based,
staff-based, and organizational-based and not self-based.

The Interorganizational Transformation Process

Though there were some important cross-cutting themes in the two organization reinvention subprocess, far and away, the most important dynamics were those associated with ODMH and hospital negotiations with local community boards of mental health. As I have already noted, community boards opposed the transformation for a number of different reasons.

Community mental health boards and community mental health agencies viewed transformation outcomes as a serious deviation from past understandings and state policy. Boards and the department had developed a fecund partnership based upon two essential understandings. One, boards of mental health would be given local decisionmaking authority over local services and the fiscal responsibility for building adequate systems of care. Two, hospitals would close to finance the development of these systems. Boards saw conversion as breaking these rules.

Conversion limits a local authority's service choices because program development relies on an existing workforce with an existing set of skills. Therefore, it could be seen as breaking the first essential understanding of the board-department relationship since it limits board decisionmaking options. Since the hospital does not actually close, conversion also breaks the second essential understanding of the board-department partnership.

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Sagamore's CEO was voted "employee of the month" by hospital staff during the transformation process.

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SOS could also be considered an inadequate resource because of the relative loss in buying power of in-kind resources as opposed to cash resources. State hospital worker salaries in Ohio, on average, cost twice as much as the salaries of their private sector counterparts. Boards reasoned that for every state worker deployed, the community could have hired two community workers if the hospital had just closed.

These arguments (i.e. loss of buying power, usurping local authority, loss of partnership regarding system objectives) and derivations of these arguments characterized the Sagamore process. Conflict escalated, at times, to a point where it became necessary to call "timeout." The process was highly conflictual. Both boards and the department stood firm in their respective positions.

Millcreek started off with the same sort of positioning. It, however, eventually transitioned into a collaborative process. Board-department discussions continued to be frustrating, but difficulties were not insurmountable and negotiations were much less conflictual. Board-department compromises were made and reciprocated at several crucial junctures, in stark contrast to the steadfastness of both boards and the department around Sagamore. The southwest (SW) boards, interestingly enough, actually produced a better regional outcome by accepting the new frame than did their northeast (NE) counterparts who rejected the new frame. Table 13 compares the two area outcomes.
<table>
<thead>
<tr>
<th>Outcome</th>
<th>Sagamore</th>
<th>Millcreek</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Hospital budget for region</td>
<td>50%</td>
<td>75%</td>
</tr>
<tr>
<td>Cash Disbursement to Region</td>
<td>$350,000/8 Boards</td>
<td>$300,000/5 Boards</td>
</tr>
<tr>
<td>% of Hospital Deployed as SOS</td>
<td>50%</td>
<td>60%</td>
</tr>
<tr>
<td>% Staff Laid Off</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Table 13: A Comparison of Sagamore and Millcreek Approximate Financial and Staff Outcomes

What happened at Millcreek that produced a more collaborative process and more favorable outcomes to both the hospital and the boards? The SW boards decided to accept the frame set down by the department and committed themselves to figuring out how to maximize their own gains within department parameters. The collaborative strategy produced higher returns because the SW placed their energies into figuring out ways to get those higher returns, as opposed to fighting the new frame. Frame acceptance appears to be a critical turning point for both boards and the state.

Several reasons stand out as explanations for the southwest's acceptance and the northeast's rejection of the new frame. Here are my interpretations of some of the more common thoughts from the southwest:

1. We look at it and ask ourselves is it a winnable fight. If it isn't we don't fight.
2. I would have been crazy not to accept the resource, when we badly needed resources.
3. I frankly had too many other things to worry about.
4. I knew that we would have our day in court.
5. I believe that there is never just one best way.

Contrast these thoughts with some from the northeast:

1. This was not the way it was supposed to go.
2. This is not the best solution for children.
3. We began to believe that board and department objectives were very different.
4. They just don't want to take on the unions.
5. The process was just crazy. We were not treated like partners. There was a perception of secrecy and side deals.

Based on these and other perceptions, group propensity to reject, or accept was dependent on a commingling of contextual, dispositional/ideological and process factors.

Figure 11 models these effects.

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Figure 11: Influences on the Decision to Accept or Reject Conversion
Strategic, ideological, and intragroup factors provided the context for board assessment of community interests and the extent to which conversion achieved those interests. Boards asked themselves, "given this context, is this action in the best interest of my community now and in the future?" The northeast, as a group, collectively answered "no" to this and the southwest quite consciously and purposely answered "yes." The balance of this section summarizes strategic, dispositional/ideological, intergroup and process factors.

**Strategic Context**

The Sagamore conversion was characterized by a sense of urgency and strategic importance that the Millcreek conversion lacked. The Sagamore conversion was a new Director's first public action regarding an institution. It was therefore watched with great scrutiny for signs of things to come. When it became clear that Sagamore was not going the way it was "supposed to go" (i.e. the hospital closed, the dollars given to the community where boards would determine how to use those resources), the conversion took on even greater symbolic importance because of its implications for statewide policy. Sagamore repercussions could ripple throughout the system and set the tone for future hospital closures. The northeast boards, with the support of the board association, decided to make a stand.

The northeast boards expended significant energy to close the hospital yet were unsuccessful. Having the benefit of watching the northeast's "high energy, low-impact"
strategy, the southwest chose a different route. The SW boards essentially "satisficed," as opposed to optimized. They chose to pursue the most practical way to maximize resources in their region -- accept the state's parameters and get as much SOS as they could get. The boards knew they were accepting a "second-best" scenario, but their choice was based, in part, on reasoned calculations of the marginal value of a confrontational strategy.

**Ideological and Dispositional Factors**

Ideological or dispositional factors also influenced the propensity to reject or accept conversion parameters. The boards, the hospital, and the department took very different approaches in the two negotiations. The Sagamore conversion was a very passionate, morally charged process. The participants grounded their arguments for or against the conversion in terms of what they believed constituted the best outcome for children. Sagamore management, for example, believed that keeping their organization intact constituted the best outcome for children. They believed that where other state workers just picked up their paychecks, what Sagamore workers and their hospital did for children they did because they were deeply committed to children's welfare. They were not like other state mental hospitals, and their workers were not like other state employees.

Boards believed that dollars, not SOS, would maximize the net benefit to children. The average state worker cost twice the amount of a more educated, more experienced, community worker. Supporting children in their homes cost
money and the loss of buying power meant a reduction of services to children in a system that could not afford any such losses. Like the hospital-community continuum, the community viewed children and hospital staff through a zero sum lens.

The Millcreek scenario did not share these moralistic tones. There was no prolonged debate over what was best for the child. Instead, the main dynamic appeared to involve practical expressions of people's priorities. Some boards chose not to fight because of more pressing concerns. Some boards chose not to fight because they framed their decision as a choice between keeping children's resources in the southwest or not. Other boards chose not to fight because the lawsuit provided an alternative forum to fight it out. In any case, pragmatic concerns about the ability to win, getting additional resources, and the presence of other pressing concerns governed the southwest's decision making process.

A number of boards brought suit against the department for violating the Mental Health Act of 1988. Two of the plaintiff boards were in the southwest region. The lawsuit provided a holding area of sorts for the inevitable debate over money v. SOS and local v. state determination of local services. These sorts of questions were absolutely central to the Sagamore dynamics, but while the questions surfaced during the Millcreek discussions and indeed had a significant impact on them, the resolution of the issues did not take center stage. The Millcreek process did not become the forum for debating the lawsuit. Instead, participants were able to temporarily suspend the conflict enough to allow the process to move forward.
Intraboard Contextual Dynamics

Another dynamic that produced conflict at Sagamore involved a shift away from department - board unity to a sense of disunity or separateness. The NE boards believed that department objectives and board objectives were no longer one and the same. It seemed to some boards that the department was more interested in placating unions and saving jobs than it was in building community systems of care.

The principle "group" shift, on the other hand, in the Millcreek process occurred between the boards. The department and board relationship went largely unchanged. The interboard relationship moved from an a-collaborative configuration with some intra group tensions and differences to a moderately collaborative regional system. The southwest did not come to the table with the purposive unity and organization of the northeast. Instead, the SW's main concern seemed to involve the integration of new board executive directors from two of the five board areas and a new state assistant director assigned to work with the southwest region. In other words, while the NE was a unified whole, the SW was not. In combination with a number of factors, the new personalities significantly affected the development of a more cooperative, collegial region. Their

"The northeast boards had consciously planned around reducing the need for the hospital, were the leaders in the state for developing kid alternatives to hospitalization, and had taken a number of targeted steps to close the hospital. The northeast took a unified position early on, established a northeast children's committee and its chairperson as the lead boards for taking steps to gain hospital closure, identified community shortfalls in light of the needs of children in the hospital as well as already successfully reducing hospital referrals dramatically."
added energy and their past experiences with successful SOS helped jell the southwest's pragmatism.  

Process Fairness

The process itself also affected the decision to accept or reject the conversion. Process carries symbolic information about the relative stations and roles of players, how one might be expected to be dealt with in the future, and how problems will be resolved.

The NE boards raised a number of process concerns that the SW did not, specifically:

- The NE boards believed the department did not treat them as equal partners in the process.
- Boards believed they should have been involved in a number of important decisions including: SOS size, skill base retained, negotiations with other state agencies about the possible transfer of the hospital, and resource decisions about the Sagamore budget.
- Boards were not provided with information needed to plan for services, specifically, resources available, number and kinds of people available.

The northeast boards believed the conversion process to be unfair and the outcomes sought as antithetical to the best interests of communities. In contrast, the southwest boards viewed conversion as an acceptable solution that achieved board interests. Even though the SW boards found the process cumbersome, they considered it a relatively painless process. Figure 12 highlights the interactive effect of a perception of process fairness, and the perception of board interest

"Indeed, appendix A of this dissertation pinpoints the exact moment in time when the "frame" was accepted and the evidence suggests that the changed intragroup dynamics created by the infusion of new members was the critical catalyst to the changed frame."
achievement on the propensity of boards to reject, comply, or accept the frame shift. Generally, figure 12 suggests that the greater the perceived level of process fairness and the greater the degree community interests are satisfied, the greater the likelihood the new frame will be accepted.

![Diagram showing the relationship between perceived fairness of the process and degree to which board interests are achieved.]

Figure 12: Direct Effects on Board Decision to Reject, Accept

The Millcreek (M) and Sagamore (S) boards both initially rejected the conversion proposal. After some resistance, the Millcreek boards accepted the new frame and reinterpreted conversion as benefiting their interests. Most boards, however, continued to believe that it was a suboptimal solution. The northeast boards, on the other hand, complied with the new frame, but only after several months of conflictual negotiations and only after they were given some additional control, 350,000 in cash resources and, assurances from the department of mental health that future processes would not be managed in the same way. Hence, the conversion
moved forward once process concerns were partially allayed and board interests were partially satisfied.

Frame-Breaking Tactics

In the last section, we argued that context and process have an important effect on conversion dynamics and frame acceptance. This section attempts to extend these observations by examining the actions and tactics which shape conversion results. Specifically, I discuss the various tactical options related to managing context and managing process to achieve frame acceptance. Part one of this section examines tactics related to managing context. Part two looks at the tactics of managing process.

Managing at the Boundaries of Context and Action

The importance of context was clearly demonstrated in the two cases. Sagamore was more conflictual because the context set the stage for conflict to occur. Millcreek was less conflictual because the context set the stage for a pragmatic approach. Ideological and dispositional factors were also important but context was reported by participants as having the more prominent effect. In fact, people never changed their minds about the appropriateness of the conversion. From the start, Board execs, whether they were SOS’s most ardent supporters or its worst detractors, almost uniformly believed conversion to be a suboptimal public policy. Boards wanted money instead of SOS.

Context acted like a magnifying glass. Both sets of boards, hospitals, and department representatives made very
similar arguments and felt similar frustrations and feelings. But, where context intensified those arguments, frustrations and feelings at Sagamore, it muted those same arguments, frustrations and feelings at Millcreek.

From this discussion, we can come to two observations.  
1) Beliefs about the optimality of the conversion did not change even though boards adapted and changed their behavior.  
2) Context appeared to be an influential explanatory variable in producing frame acceptance. These two factors, in combination, suggest a simple but important observation in Ohio mental health - managing frame acceptance involves managing context, not minds.

Frame acceptance, by definition, does not presume a "trans-formation of the mind" but rather simply the "acceptance" of another frame and a concomitant behavior and active compliance within the new frame's boundaries. In fact, the present research suggests that local boards are actually quite deft at switching frames as long as the switch is shown to be in their interests and the process used is fair.

Managing context means manipulating contextual elements to impinge upon, impede, recede, allow, or enable action. Its purpose is to produce a set of behavioral acts that result in conformance to a new leadership frame. Its

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Episodes of fundamental change in people's values and beliefs have occurred in organizational change efforts. But even in such massive transformational change (e.g. Frost-Kumpf and Ishiyama, 1991), people "in the trenches" will often say that no such change in their own beliefs occurred. Their new behavior is based on their assessment of a new set of conditions, and not from some manipulation from above.
intention is not to produce frame change, but frame acceptance and a new set of behavioral acts.

Managing context to obtain frame acceptance focuses on deliberately and incrementally reengineering the "system." Dialectical change refers to a dialectical change in the system, not in the minds of participants. Over time, actions and behavior conform to the new frame; the new frame eventually becomes the context and systemic change becomes institutionalized. For example, Ohio sought to empower a new frame of community based care during the 1980's. The state mental health administration of the 1980's changed the community allocation formula to incent/ reward boards for reducing their numbers of hospital placements and bed days. Hospital rolls declined because Boards took consumers out of the hospital and developed programs to keep them from going into the hospital. The price to those boards who continued to use the hospital increased because the price depended on hospital rolls. Roughly speaking, the hospital's price was calculated by taking the total cost of the hospital and dividing that figure by the daily resident population. Regardless of whether local philosophies were in agreement with the new frame or not, boards took people out slowly at first and then rather quickly -- just as any system modeler would predict. The state created a context, not a frame, that clearly made it in a community's interest to get people out of the hospital. The strategy, in combination with other tactics too many to list here, transformed the system in five years (Frost-Kumpf, Wechsler, Ishiyama and Backoff,
1994). Now, hospitals are being downsized because of decreased need and community programs are being developed in their stead.³⁸

Context does not necessarily produce behavior. Rather, the perspective here is that context circumscribes behavior. It creates limits and boundaries within which reasonable, purposive action may flourish. Local mental health would not have, for example, elected to greatly increase their use of hospital bed days in light of the rising prices of state hospitalization.

**Context, Frames, Action and Managing Frame Acceptance**

It is important to understand that, for research purposes, context and frame are treated here as distinct concepts. Frames circumscribe behavior as well. But while a frame exists "inside" the mind, context exists "outside" the mind. A frame can be willfully created at any time by leadership. The trick, of course, is to get people to accept the new frame. Managing context allows for this to occur. Context can be shaped and managed to conform to support a leader’s frame. When context and frame become mutually supportive and reinforcing, it can be thought of as a state of strategic equilibrium. (See Figure 13)

The illustration suggests that context produces action and action produces process in a balanced cycle of energy - within a particular frame. The figure’s resemblance to the Chinese symbol for yin and yang is appropriate because just like yin and yang, context and action are presumed to form a

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³⁸ This changed dynamic was not the only factor but it was an absolutely critical one. Director Hogan, along these lines, observed at one point that "incentives do work."
co-producing whole. The context of an action is undefinable
without the existence of the action because context only

Figure 13: A Depiction of a State of Strategic Equilibrium

exists in a relation and not in isolation. Action cannot
exist without context as well. Once taken, action produces
context. All action, in effect, has context and all context
has action.

Does all action have a frame? - No. Frames produce
certain actions and behaviors, but action can occur in
isolation from frames. Rote action occurs every day without
strategic purpose. The framing process involves attempts of
human agency to give meaning and intentionality to the
context-action relationship.

The act of shifting frames or reframing attempts to take
existing context-action sets and move them to conform to a
different frame of meaning and intentionalities, as
illustrated in Figure 14.
The present cases suggest that to shift the context-action sets of a previous frame requires selecting out critical contextual elements, the key tensions that bind action to the existing frame, and then reshaping those tensions and contours to enable frame acceptance.

![Diagram of Old Frame and New Frame](image)

Figure 14: The Establishment of a New Frame, Prior to Frame Acceptance

Figuratively speaking, this might be described as "unbalancing" the context-action set by making it context "heavy," so much so that the circles jettison forward instead of just spinning in strategic homeostasis. (See Figure 15)

The present cases illustrate various practical strategies to reshape context action sets. One might refer to these strategies as reshaping the "contours" between action and context to produce forward dialectical movement instead of homeostatic, continuum-based movement.
Figure 15: Shaping Contours Between Context and Action to Move System to New Frame.

Manipulating these contours powered movement in the present cases, not the innate "magnetism" of a new frame."

Four contours (relational, strategic, temporal and credibility/legitimacy) were managed to gain frame acceptance. A discussion of each follows.

**Relational Contours** - The relational context of conversion was absolutely critical to the sort of dynamics that emerged between the department, boards, and hospital. Conversion changes boundaries and realigns existing roles; it challenges long-standing alliances and creates new ones. It requires collaboration between the hospital, boards, the state mental health authority and community agencies. Table 14 summarizes...

"From an ideological perspective, the reframe held no attractive power for communities. Local officials were not saying, "this is the right thing to do." Far from it, energies were focused at returning the system back to its previous strategic state. Boards never did change their minds about the frame shift, rather they simply accepted the new frame and worked within it to make the dialectic upgrade in the local communities.
<table>
<thead>
<tr>
<th>Movement From...To</th>
<th>Relational Dynamics</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unity to Disunity</td>
<td>Beginnings of a dissolution of board-department partnership in program development, mental health advocacy and legislative change to interorganizational management and relations</td>
<td>Generate Mutual Understanding</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1. Identify and remind people of shared interests (e.g., hospital &quot;goes away,&quot; resources distributed to region, community service boards) throughout the process.</td>
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<td></td>
<td></td>
<td>2. Minimize formal letter writing and maximize face-to-face, and other less-formal communications. Printed words can be misinterpreted without a verbal or facial context, and can thus actually reduce clarity of communications. Holding a meeting that focuses on different cultures and contents may also facilitate mutual appreciation and undistorted communications.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Capitalize on informal channels to communicate. Rely on state-local collegiality and informal influence to create an environment of respected, mutually non-confrontational thinking.</td>
</tr>
<tr>
<td>Hierarchy to Co-leadership</td>
<td>Movement from hierarchical relationship to co-leadership arrangements where board and department must collaborate to manage interorganizational processes.</td>
<td>Model New Arrangements and Relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Treat boards like customers. The hospital needs to be accommodating. The primary departmental agent needs to be both an advocate for boards and an implementor of department policy.</td>
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<td></td>
<td></td>
<td>5. Choreograph &quot;just-in-time&quot; meeting structures and styles to suit emergent issues and problems. At times the meeting will follow an &quot;ambassador model,&quot; others will follow a &quot;mediation model,&quot; &quot;SALT&quot; Talk model,&quot; &quot;informational model,&quot; &quot;facilitator model,&quot; &quot;group decision making model,&quot; and a &quot;partnership model.&quot;</td>
</tr>
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<td>6. Choreograph &quot;just-in-time&quot; extra-organizational partnerships to model co-leadership arrangements. Boards and the department must find some creative solution which involves creating a temporary decision making arrangement that gives some control to the department interion, while maintaining links to the state central office and regional boards. At Sagamore, this involved a two-person partnership (one board and one department) which made all operational decisions around the conversion.</td>
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<td></td>
<td>7. Facilitate explicit discussions about department-board roles in conversion processes. Namely, department sets parameters (some set up front, some are emergent) and boards can plan within those parameters.</td>
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<tr>
<td></td>
<td></td>
<td>Reconfigure the System to Support the New Frame</td>
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<tr>
<td></td>
<td></td>
<td>8. Facilitate board conversations to develop regional leadership and organization. Work directly with regional board associations to establish the importance of working with a group of boards, rather than with individual boards. For example, the southwest formed a council of governments. Conversion essentially operationalized the COG.</td>
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<tr>
<td></td>
<td></td>
<td>9. Integrated hospital conversion programming with local agencies and local boards operationally and strategically. For example, certain converted programs are now being co-managed by the boards, department, and agencies.</td>
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<tr>
<td></td>
<td></td>
<td>10. Transform supporting systems to bolster change to co-leadership models. For example, converted care generated medical aid is now being delivered to communities. The system therefore is now financially dependent on collaboration and co-leadership.</td>
</tr>
</tbody>
</table>

Table 14: Relational Contours and Related Shaping Actions

the key relational trends conversion invokes and some of the more successful actions strategists employed to create the momentum for frame acceptance.

One of the more interesting outcomes is that the local systems (e.g. financial, supervisory, and organizational) now support collaborative and co-leadership structures. Converted programs, in some cases, now work "side by side" community
agencies, and actually receive their clinical supervision from community agency personnel and their administrative supervision from state personnel. In other cases, board staff have been and continue to be directly involved in developing a particular SOS program. The converted program "reports" to the board as well as the former hospital leadership. In still other cases, boards have formed regional organizations which receive state dollars, authorize contracts with provider hospitals, and distribute dollars as needed. Board organization and coalescence has directly benefited from the conversion process.

Strategic Contours - Ohio had achieved a state of strategic equilibrium. Strategically speaking, communities were to develop local systems of care in order to remove people from the hospital and to prevent further unnecessary placements to hospitals. Hospital need would decrease commensurately. As a result, a number of hospitals would close and the dollars would be released to communities to buttress local systems. Context and action were in sync, and the frame held it all together. The strategic context of the two conversions clearly affected the rate of change and the acceptance of the new frame. Sagamore boards viewed conversion as seriously diverging from past strategic commitments to close hospitals and give communities the money, and furthermore, viewed this change as potentially devastating to the fiscal viability of local systems. The Millcreek boards did not concern themselves with these statewide strategic concerns and instead framed the problem as a legal issue or in terms of
their own local strategic concerns. Several actions were used to manage the strategic context of the conversion process. Table 15 summarizes these actions.

<table>
<thead>
<tr>
<th>Movement From - To</th>
<th>Relational Dynamics</th>
<th>Tactics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Equilibrium to Desequilibrium</td>
<td>Shifting the frames governing hospital closures to empower state employees as well could be viewed as a significant shift from past practice.</td>
<td>1. State Authority needs to be very clear regarding intentions and expected outcomes. 2. Limit the significance of the conversion strategy by outlining when it is applicable and when it is not. Conversion was the strategy of choice in Ohio's children's hospital because there was agreement that there was not much need for the hospitals and secondly, because local folks expressed a shared commitment to take care of the transition of children into communities, and finally because there is a relative shortage of children mental health clinicians. 3. Limit the perceived deviation from past norms by emphasizing that conversion does add resources to local communities, it adds resources to the overall state commitment to communities, and it attempts to target holes in community kids systems. It is a strategy that helps communities. 4. Make direct appeals to regional self-interest. The only way to keep resources in the region was to distribute in-kind resources because cash resources were governed by a statewide formula. Consistently and persistently making this point helped to frame the boards decision making in terms of their interests vs. 'losing' resources to the rest of the state. The lead department agent's role as an advocate also helped to alter the strategic context so that the principle tension was not between the department and boards but between local boards and the rest of the statewide boards. The only way to maximize local gain was to minimize statewide gain.</td>
</tr>
</tbody>
</table>

Table 15: Strategic Contours and Related Shaping Action

Managing Temporal Contours - The context of time was also influential. Negotiations broke down at several point during the Sagamore conversion. Parties left the negotiating table. Reasons for the breakdown included the strategic and/or relational tensions above. For example, discussions halted over concerns about disparate board - department objectives, the lack of local participation in decision making, and communicative misunderstandings. But, after discussions broke down boards returned to their original position of "just give us the money." "Just give us the money" was a
recurring theme in state local conversations over the course of the Sagamore conversion.

"Just give us the money" was actually part of a larger pattern of events that typified department - board exchange during this timeframe. The pattern started with boards pressuring the department to take action on some issue. The second event involved the department responding by establishing a multi-constituent committee or process of some kind. The third event involved participants being frustrated with the process, particularly with its speed. Finally, boards and other constituencies called for the department to "just make a decision here and now," which to the Sagamore boards meant a decision to "just give them the money."

"Just give us the money" and "just make a decision now" live in the context of scarcity. Many boards were financially strapped; they felt that the system had virtually no time to hesitate, and they felt that the situation would quickly get out of control. These thoughts were relegated to part of the background at the various times when the players were participating in multi-constituent processes. When discussions broke down over strategic or relational tensions, "just give us the money" or "just make a decision now" resurfaced as the sense of scarcity and immediacy returned to the foreground of people's thoughts.

The context of scarcity framed participants' conception of time. When scarcity came to the foreground, participants became focused on the "here and now." It was time to make a decision; it needed to be made here and now. The context of
scarcity actually helped to freeze negotiations at various points in time. Ironically, demanding "here and now" decisions only resulted in extending the decision timeframes because such demands went unfulfilled.

The level of hostility and frustration was so high by the summer of 1992 that it became necessary for Sagamore participants to call "time-out." Participants decided to stop meeting for a while, reasoning that a "cooling-down" period might allow them to revisit the issues in a less emotionally saturated context.

The sense of urgency and importance of the discussions had been partially diffused by the time negotiations resumed a few months later. Sagamore had initially been thought of as a significant step and an important reflection of department strategy. Only 8 - 9 months after it began, it was viewed as a relatively minor issue in comparison to the whole of the state's problems. Other issues filled department and board dockets. As such, the stakes seemed lower and the groups' willingness to compromise and "give-in" improved.

Shifting from an emotionally saturated context, laden with confrontational patterns to a more diffuse, less pressing context provided a more amenable backdrop to progress. In effect, the importance of Sagamore's "here and now" dissipated as other "here and nows" took its place.

Sagamore's "here and now" was further diffused when the groups decided to defer any final decisions about Sagamore's permanency. They agreed that Sagamore, just like other
programs, would be subject to annual evaluation and review. Program performance would dictate program viability, thus postponing people's central concerns from the here and now to the future.

Table 16 summarizes the tactics used to manage temporal contours.

<table>
<thead>
<tr>
<th>Movement From - To</th>
<th>Temporal Dynamics</th>
<th>Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fast-Paced Change to Slow-Paced Change</td>
<td>Participants demand faster movement and &quot;action now.&quot;</td>
<td>Slow Down the Ship Before Turning the Wheel 1. May be necessary to slow speed of change by instituting multi-constituent participative processes to take stock, reevaluate, and reshape direction. 2. May be necessary to call &quot;timeouts&quot; to reduce the perceived significance of the speed of action and allow frustrations to cool.</td>
</tr>
<tr>
<td>Here and Now Decisions based on ideology to annual, recurring decisions based on performance.</td>
<td>Movement from treating converted programs like state hospitals to treating them like community agencies.</td>
<td>Mute Urgency by Diffusing the Decision 1. Identify permanent SOS capacity subject of annual appraisals of performance. 2. Change the decision point from one (here and now we must make a decision) to multiple future decision points (each year thereafter). In this way the importance of the here and now decision is diluted and boards are given one ability to decide the future of converted programs.</td>
</tr>
</tbody>
</table>

Table 16: Temporal Contours and Related Shaping Action

Credibility and Legitimacy Contours - Agency leadership should meet with local boards and the hospital to move the action forward and to provide a context of credibility and legitimacy to the conversion process. Leadership intervention gives credibility, legitimacy, and energy to the process and the participants. In particular, there are three instances when leadership intervention may be necessary.

First, leadership should "kick off" the planning process and lay down basic parameters and bottom lines that reflect the expected outcomes and vision for the converted hospital. The earlier this initial "kick off" occurs the better. Frame
shifts clearly leave parties confused about what roles are expected of them, what is being asked of them, and how they are supposed to relate to one another during the conversion process. Clarity, in the form of outcome and process parameters, are critical to understanding the new frame. In order to accept, comply with, or reject the new frame, the parties involved have to understand the bottom lines of the frame they are being asked to operate in. The clearer the bottom lines are and the earlier the bottom lines are set the better.

Second, it might be important to simply affirm the importance of boards and hospital staff as players in the system. Hospital staff, in particular, are entering great periods of uncertainty. Staff, in many instances for the first time, are asked to venture beyond four walls and work in the community. By acknowledging the staff’s situation and legitimizing their future, the agency director aids a more positive emotional transition.

Finally, it may also be important for the Director to meet with boards to make decisions with statewide implications so that the conversion can move forward. Face-to-face meetings between board executives, hospital staff and the Director of the Department are crucial at certain points in time, especially when they are confronted with highly interconnected issues that have statewide implications. Lead agency staff need to be able to recognize when and how to best use departmental leadership to move the energy forward.
CONCLUSION

Both Sagamore and Millcreek used to be traditional psychiatric institutions treating the toughest kids the system had to offer. They are no longer an institutional service to children. They are now multi-site, community based programs. They have changed what they do and who they are in fundamental ways.

Their services have changed from "institutionally based services" such as respite and acute care to programs like day treatment and education, home based assistance to families, and other community-type programming. Their relationship with their clientele has also changed. They no longer have most of consumers coming to them, they go to consumers. In the community treatment occurs on the streets, in strange homes and at 12 midnight.

Leadership, management, and supervision have also changed in fundamental ways. Now, hospital leadership work with and through the local community boards of mental health. Direction and agenda setting are much more a product of collaborative board/hospital planning than anything else. Leadership has developed into a symbiotic partnership between institution and community. Even many individual hospital workers are being, for all intents and purposes, now being supervised by community agencies, and not the hospital.

These new local partnerships have also opened new doors for accessing federal medicaid dollars bringing thousands of new revenues to local communities. They have also been a catalyst for community boards to rejuvenate tired children's
systems. In one county, Sagamore staff intervention has totally changed who does what in the local mental health system, as Sagamore staff began to uncover system weaknesses and design problems. In one county, Sagamore staff uncovered system weaknesses and design flaws as they attempted to work through the community system.

Both Sagamore and Millcreek were based on a new logic, a new way of thinking about hospitals and resources. The idea was a dialectic solution that transcended competing views in a zero sum game between hospitals and communities. In a sense, once the Director came up with the idea and told his people to produce it, the change was already made. Even if the two hospitals had not worked with their staff to keep them informed and on board, for example, the transformation would still have taken place. A new entity would have been created. The idea was the change. In this sense the change was discontinuous. It was produced in a millisecond.

One could also argue that transformation was discontinuous because it was experienced a discontinuous event. Hospital staff reported the experience as a moment, at a disjointed, discontinuous break in time. A few ODMH and a few Board executives talked about the experience along similar lines, but for the most part the discontinuous experience was mostly felt by hospital workers and management. Here is what one such Sagamore staff person said when asked when it all changed for her.

She was the last patient in the building, and that’s when it hit all of us, that she was the last one, and she walked out the door and said good bye to everyone, and it was like... this is it... this is like mental health telling me this is the end of
our hospital. All of the staff was standing there ... and she turned around and looked at all of us and said good bye, and it was like... this is it. And we all just stood there... and it was like our job now is to get into the community as fast as we can... so we could go help her...(Sagamore staff, 6/93)

Notice that the micro-moment in time broke the old from the new, the old way of thinking and the new way of thinking. The change for this individual was immediate, quantum, and profound. This person was Sagamore’s receptionist. One person explained her transformation from thinking about individuals and their job loss, to thinking about the organization:

I think for me the shift, in terms of looking at the individuals versus the group was the day I moved out of Sagamore and came out here. I mean to the day it was like this is all behind me, these are the people I have to work with, what is going to take to keep all employed and keep this going. Immediately you began to look at the whole rather than the individual. It was just cut and dry for me. (Sagamore staff, 9/93)

There is some theoretical agreement that transformation involves discontinuous, qualitative change. I believe that these two hospitals represented such episodes. I believe that I have demonstrated fundamental qualitative change. I also believe the evidence suggests that change was theoretically discontinuous as well as being experienced as discontinuous -- not by everyone but by almost half of those staff I interviewed (7/15).

Unlike other change processes, which stipulate a highly participative, bottom-up process to generate commitment to a shared vision, conversion is about imposing a frame change.
On the other hand, technically speaking the state is not in a position to "impose" anything. The state cannot "order" boards to accept a conversion.\textsuperscript{10} Local mental health authorities are more or less autonomous entities with their own agendas and political legitimacy.

Moreover, an appeal to the value of "respect for employees" falls on deaf ears because from an ideological perspective, employees are seen as barriers to the strategic vision of the system. Also, there are other options that assure employment security while simultaneously closing the hospital and maximizing dollars to communities (i.e. either of the first two options discussed in the introduction of this paper). In short, the conversion is about imposing a frame change when imposition, either by ordering or by dangling values, is not an option.

This paper has outlined ways to manage context and process to achieve frame change under these ambiguous conditions. Such a strategy is a highly complex, multi-level, multi-dynamic effort that requires constantly shaping and reshaping relational, strategic, temporal and legitimacy contours while paying attention to the process elements that can contribute to conflict, confusion and frame resistance.

It has been argued that the two regions experienced dialectical change in terms of the services of the local system, even though there was no concomitant change in beliefs or instrumental values. It is very difficult to

\textsuperscript{10} Of course, the state can impose financial incentives and and other kinds of inducements to produce the desired response. Technically, boards can refuse the SOS. Realistically, boards will probably not refuse SOS.
change worldviews, especially when the "other" is part of a different organization, with a different perspective, different history, and with whom your organization has both shared and competing interests. Indeed, purposive change efforts often presume to change people's minds and their hearts. Measured in those terms, change often fails in the public sector.

At Sagamore, I observed that participants initially tried to change each other's minds. Arguments were made with an attempt to convert others to "our side's" view of the world. Individuals knew their perspective were right and attempted to get others to believe in the same thing. Specific arguments were raised in the hope that the other would, seeing the rationalism of the argument, capitulate their own sense of rightness. Of course, this did not occur and the mutual failure to understand only served to escalate the conflict even more. It was only when the participants reinvented their own contexts that movement occurred.

The perceived fairness and level of conflict generated by the process were also crucial variables in determining conversion success and frame acceptance. Assuring low levels of conflict and perceived fairness does not mean, however, that control should be handed over. The process should be participative and locally owned, but it should also be guided by bottom-lines, parameters and fenceposts to assure that certain outcomes are achieved.

Conversion is about a leader's view of what constitutes "right action." It is a reflection of a basic view of the
state's responsibility to "do right by employees," and to not be like the plethora of contemporary corporations who only seem to care about their profit and marketshare bottom lines.

The mental health correlate to profit is consumer welfare. But does this noble end justify the shadowy means? The conversion strategy basically says no to this question and instead purports to transcend the tradeoff dynamic between hospital staff and consumer welfare.

At one level, this paper has scripted out how to manage a conversion, but at another level it has circumscribed a basic theoretical and practical protocol for managing "right action." "Right action" is individually defined. But, in general it involves those decisions that the decision maker believes to have a morally correct answer. Right action is action that takes the morally correct fork in the road despite overwhelming popular beliefs to the contrary. Ohio's director believed that Sagamore represented one of those forks in the road, and he took it. Agency directors in agreement with Ohio's director are currently faced with decisions like this one.

Ohio's experience with conversion thus far suggests that managing one can be extremely complex. Enormous opportunities exist for conflict, risk, and failure. Enormous opportunities also exist for success, growth and development of system capability and system learning. But, the academic and practical press offer very little guidance to the would-be converter. There are no published reports to this author's knowledge regarding the conversion of a
hospital to a community based service, though I am certainly not so bold as to think Ohio was the first.
CHAPTER 5

TOWARD A THEORY OF PUBLIC ORGANIZATIONAL CHANGE

What do these in-process, in-depth case studies of change tell us? First, each of these cases represents important contributions in its own right. In some instances I confirm existing theory. In other instances I offer alternative explanations for the phenomena observed. The first part of this chapter summarizes these case by case findings. Second, I believe the systematic analysis of similarities and differences across the three cases yields several theoretical contributions to the practice of change and to the direction of practical research. In the second part of this chapter I propose a tentative theory of public sector change processes based on the cross-case comparisons.

Findings by Change Type

Unlike its portrayal in the literature on change as being continuous, cautious, or being indistinguishable from random change based on chance, I find that incremental change can be a very complex, strategic and a free-flowing change process that is managed with one eye on the situation and with one eye on the system. The present incremental change process involved developing a keen sense of how the system moves and reacts in order to know when to implant new ideas,
new programs and new ways of thinking reflective of long range goals and outcomes. Institutionalization of incremental change is facilitated by a few simple guideposts and "action collectors."

I also found that the incremental change process focused on relationships and processes rather than on systems and structures. The forms of the various structures and systems (e.g. organization structure, executive committee, senior and middle management levels) were retained, but the emphasis, or the principal processes performed by those systems and structures were changed to fit the revised focus of the organization. Systems and structures are seen as enabling mechanisms (similar to their emphasis in turnaround though to a significantly lesser degree) to point the organization in a particular direction.

I also found that incremental change does not connote continuous change as is suggested by theories of partisan mutual adjustment and muddling through (Lindblom, 1959). An increment of change is produced with painstaking, clear headed, non-rational and rational contemplation and localized action. I concluded that incremental change is a connected string of small incremental jumps in thinking, in acting, in stopping action, and in the creation of new strategic pathways. In these micro-moments change occurred in small leaps, not in slow, continuous movement.

Several of these small jumps were produced by thinking of an issue or a problem, or a paradox in a new way. New ways of thinking tended to be "dual horn," dialectic
reconceptualizations of problems, issues, tensions and competing perspectives. The pattern of change observed was actually a series of these generative moments of synthesis and transcendent thinking.

There are several important implications from our study of incremental change. It is the first study I know of that illustrates how the "new science" actually works in a longitudinal public sector case study. Hogan's style of leadership and approach to managing change approximates Wheatley's treatment of systems theory and the "new science." Table 17 draws the similarities between the model inducted from ODMH and the four major principles of the new science (Wheatley, 1992).

<table>
<thead>
<tr>
<th>&quot;THE NEW SCIENCE&quot;</th>
<th>ODMH'S CHANGE PROCESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The participative nature of universe (everything exists in a relationship to something else)</td>
<td>1a. Leadership depends on the situation</td>
</tr>
<tr>
<td>2. Self-Renewal and Change (system seeks to maintain itself even if that means changing. Change begins with small perturbations that become big)</td>
<td>b. Tactics and action depend on the situation</td>
</tr>
<tr>
<td>3. Implicate Order and Strange Attractors (systems tend to change along certain pathways or &quot;strange attractors.&quot;)</td>
<td>2. Change process relied on targeting and invoking key actions at just the right micro-moment in time</td>
</tr>
<tr>
<td></td>
<td>3a. Attempts to get intune with flow of system</td>
</tr>
<tr>
<td></td>
<td>3b. Putting down a few tomato stakes and other action attractors to grow the micromoment change in the direction desired using attractive energy</td>
</tr>
</tbody>
</table>

Table 17: The New Science and ODMH

Though ODMH's change process is far from over, its early success suggests that transporting principles from the "new science" to managing change in the public sector may be
fruitful.

Finally, the concept of intunement is important. Researchers have talked about this peculiar connection excellent managers have to the ebbs and flows of the system (Denhardt, 1993). If intunement is a critical first step in managing change then an important research focus would be to turn our attentions to developing and perfecting intunement. Recent discussions of personal mastery (e.g. Quinn, 1988) and intuition (e.g Agor, 1989) in public sector management and leadership offer some inroads. Chapter 2 of this dissertation offers some clues regarding the leadership tactics and practices which appeared to assist in the development of intunement.

To understand the process more fully and deeply research may need to turn to multiple modes of understanding phenomena including deeper examinations of the lived experience of the public sector leader - to understand how they think, and how they sort through and develop a sixth sense about the system they manage and that unusual “oneness” they achieve with their most trusted cohorts. Theoretically speaking it would be even more important to begin to grasp how one might hasten this process, how to make intunement develop more fully and more quickly. Such a theory would have at its base a principle of “optimum impact, with optimum speed.”

The chapter also suggests that leading effective incremental change in public settings may be enhanced by developing “quantumness” in leadership and managers. That is to say, developing a repertoire of strategy-situation
packages so that the leader/manager has a number of methods and outlooks at their disposal -- a sort of multi-mode situational readiness. Along these lines, Hogan and his staff began to catalog strategy-situation packages. Some of their ideas included developing strategies for "crises," "sub-acute crises," and "situations or issues." Other frameworks they considered included developing different strategies for dealing with local communities that differed along the dimensions of "the extent of the problems," and the "willingness of the local community to receive assistance from the state." Each of the four combinations resulting from combining these dimensions would have yielded a different strategy for dealing with the issue.

**Turnaround**

Our longitudinal, in-depth analysis of turnaround yielded a number of important insights as well. First, I found support for many of Poister's assertions about crosscutting themes in public agency revitalization. Table 18 summarizes how BWC's turnaround process stacks up against Poister's findings.

In addition to confirming many of Poister's insights about revitalization, "this dissertation extends his research by identifying a specific pattern to Poister's "hundreds of initiatives implemented over time." Analyzing BWC's strategic patterns I identified three general classes of actions that were connected over time. I referred to these classes as "strings." The first set of strings were identified as

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"Though clearly, there were some differences, most notably the lack of a major cultural shift and the inability to change public law."
<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>1. At base, revitalization must be predicated on an assessment of what the organization is now and a vision of where it is going and what it will become. This foundation may be the result of a very purposeful strategic plan or may develop incrementally as the most immediate problems are dealt with first.</td>
<td>1. BWC's change process was predicated on where the organization was and it developed a vision of where it was going and what it would become. The principle foundation for the change process was a series of planning forums.</td>
</tr>
<tr>
<td>2. To effect a comprehensive turnaround requires the development over time of a new organizational culture - shared values, beliefs, assumptions, and behaviors - in support of that vision.</td>
<td>2. BWC's change process made some cultural inroads thought the cultural change was not entirely successful. It was successful in those areas where a concentrated effort was made.</td>
</tr>
<tr>
<td>3. In any revitalization effort, leadership is a critical element and is concerned first and foremost with vision, culture, and motivation and then with structure and process, although not necessarily in that order.</td>
<td>3. Leadership was concerned with all these elements though structural changes preceded vision change.</td>
</tr>
<tr>
<td>4. Changes in process and style will appear almost immediately and will usually precede structural change.</td>
<td>4. Change in process and style did appear almost immediately and did precede structural change.</td>
</tr>
<tr>
<td>5. Revitalization efforts will almost necessarily involve a major redistribution of power within the organization, again to support new values and processes.</td>
<td>5. At first there was a slight redistribution of power. Later power shifts increased until the entire executive committee had turned over. Nearly all members had a decidedly private sector background.</td>
</tr>
<tr>
<td>6. In order to capitalize on the potential of the organization, revitalization requires the active involvement of the employees, staff, and work force. This will often call for an emphasis on participative management as part of the redistribution of power.</td>
<td>6. Participative management was an important part of BWC's turnaround process. Myriad planning forums were used, though strategy, vision, and desired outcomes were defined by top management.</td>
</tr>
<tr>
<td>7. Successful revitalization is likely to depend in part on the ability to effectively harness high impact management systems.</td>
<td>7. Mihm targeted high impact management systems</td>
</tr>
<tr>
<td>8. Full-scale revitalization is accomplished through hundreds of policy, programmatic, managerial, technological, and political initiatives implemented over time. When it does occur, revitalization is less apt to be the result of a single well-orchestrated plan that the cumulative product of a series of strategies that evolve as conditions change and new performance plateaus are attained.</td>
<td>8. We documented over 200 strategic actions in a number of different programmatic, fiscal, technological, and political areas.</td>
</tr>
<tr>
<td>9. Dramatic revitalization cannot proceed without a political mandate that is commensurate with the need to acquire additional resources and, more important, to change policies whose impact will be felt beyond the organization itself. In order to sustain wholesale change efforts, top management must respond to such mandates, sustain them, and work to generate successive mandates when past mandates begin to fade.</td>
<td>9. BWC's political mandate initialize the change process. They were not, however, able to generate successive mandates when their past mandate began to fade.</td>
</tr>
</tbody>
</table>

Table 18: Comparing BWC with Poister’s Cross-Cutting Themes
enabling strings. These strings of action actually "enable" other actions, they enable change to occur by creating the conditions conducive to change. These strings do this by allowing for strategic thinking and greater understanding of the problems and issues, enabling staff growth by creating opportunities for them to take the initiative and take responsibility, and leveraging the resources to provide for technological and process gains.

The second pattern of actions I called shaping strings because they "shaped" the conceptual and physical space enabled by enabling action. Shaping strings shaped the change process by focusing and funneling organizational resources to affect high impact systems.

Jumping strings, the third and final activity string, were comprised of attempts to create jumps in organizational performance and identity to new transformational levels. Jumping strings consisted of efforts to integrate across autonomous activity, linguistic attempts to alter the way people thought of their organization and their relationship to it, and legislative attempts to essentially mute the environment's political invasiveness into the Bureau's management and strategic direction.

These strings were mixed improvisationally to leverage the core strategy, core values, and a strategic image of the future. The organization improvised by maintaining a clear image of a desired future state while simultaneously looking
for any and all opportunities to leverage the system.

I also found that turnaround can be set in motion by using an internally directed, highly focused, monocular strategy but that focus can produce unintended and unwanted side effects. Being focused internally rather than being focused internally and externally, building autonomy rather than building autonomy and integration simultaneously, and managing the system rather than managing the system and the feelings and meanings generated created a "one-lead-foot side effect" in which the positive impact of actions were muted by consequences like staff discontent, fear, resentment, legislators and board members being offended for various reasons and senior executives failing to coordinate before a public budget hearing.

Finally, I believe that the present chapter adds to the already sizable body of literature on private-public differences and to the claims that there are important sector differences in management, strategies, and change processes. The one-liner I have about private/public differences illustrated in this chapter is that it is quite clear that private sector executives must adjust their thinking and assumptions to manage change in public settings. After months of frustration, Mihn eventually reset his internal timeclock to adjust for state government inertia (which he estimated to be four months). Up until that time he pushed and shoved and pushed and shoved. No matter how hard he pushed, job descriptions, for example, still took 4 months to be approved by the Department of Administrative Services.
Mihm also had to adjust his sense of self in order to work with people who were just as concerned with image and symbolism as they were interested in improving financial conditions and operating speeds, perhaps even more so. Finally, Mihm had to learn to become more compliant, more compromising, and more deferential. In the final analysis when I asked him what would he do differently? He responded, "I don't know, I would have had to have been a different person."

**Transformation**

The transformational change process fit what I believe constitutes transformation -- a change in organizational identity. The processes, however, that are usually associated with transformational change were not observed in the present cases.

Roberts (1985), finds that attunement and alignment are critical factors in transformative processes. I was excited to find this to be true of Sagamore. Sagamore was uniquely blessed with a proud, confident attitude of efficaciousness, a deep connection to the organization and its mission and values, and a deep connection to each other. Sagamore thought of itself as a family, thought of their building as a "respite" or their "home away from home," the "place they would always have if other things in their lives weren't working," they voted their CEO, during this transition, as the "employee of the month." This was a truly extraordinary organization. On the other hand, Millcreek Children's Psychiatric Center was not like Sagamore. Rather, they were
like many of the other state hospitals in the state. They were in an urban environment as opposed to Sagamore's serene, semi-rural, well manicured, bedroom community surroundings. There was management - labor conflict of all sorts. The staff there didn't seem to care as deeply as the Sagamore staff did about the kids. As Sagamore staff would say, "there are no people like kids people, but there were no kids people like Sagamore people."

While alignment and attunement were crucial factors at Sagamore they were not crucial factors at Millcreek. Millcreek's transformation was as profound as Sagamore's if not more so and it resulted in programs that were just as innovative and just as effective. Both sets of staff were energized and excited as they accepted new responsibility and authority. But, Millcreek was not attuned and aligned in the same way that Sagamore was.

Transformation has also been linked to the concept of coalignment (Frost-Kumpf et al, 1993). I observed aligning processes but not coaligning processes occurring. Coalignment refers to the mutual impact of internal capacity and external pressure on organizational strategy. That is to say, strategy moves from an internal focus to an external focus, and back again, and so on and so forth, in a spiraling action over time. External contingencies are matched by the development or reshaping of internal capacity which are then used to reshape or affect external contingencies, which again have an impact on the development of new internal capacity and action. Each cycle moves the organization forward toward
the attractive force of a strategic vision.

Instead, I observed both hospitals attempting to capture and adapt to a constantly shifting environment. It was like pinning the tail on a moving donkey. Once a tail was pinned, the donkey moved. The enacted environment during the actual transformation, which in these cases consisted primarily of a collection of local boards of mental health, were thought of as “customers” to which the hospital would respond with programs to fit their needs. Community boards of mental health would essentially point out their needs and the hospital would try to define a program to meet those needs. But, in both the Sagamore and Millcreek cases, boards really did not know what they wanted, or better put, what they could do with hospital staff. So, needs changed and shifted as boards struggled with trying to figure out what they could do with hospital staff.

Meanwhile, there was tremendous pressure to act - coming from union deadlines, statewide budget processes, commitments made with respect to financing the mental health system, legislative deadlines, and the like. The hospital was put in the position of having to constantly respond to a moving target, all the while hoping that the target would stop. In a sense it was not co-aligning but rather re-aligning7 with these changing board needs.

7 alignment here does not refer to Robert’s definition of alignment. Here, alignment refers to fitting strategic response to board needs. Robert’s definition is quite specific. Her definition essentially is the same as Tajfel’s (1981) organizational identification, or staff identification with organizational values and goals.
The point of all this is that the transformational strategies that have been advanced as explanations for transformational change are not implicated in the present case studies. Coalignment was not found in these cases. Alignment and attunement were found in one of these experiences but not in the other.

I did find support for the concept that transformational change is discontinuous. Some people, not all, experienced transformational change as discontinuous. These people experienced specific moments in time where they became personally transformed. People became something different, either from their deep commitment to children, or through a changed context, or through a reconceptualization of task. The training, the programs, the manuals, the instructions, were all a matter of course. The momentary personal transformation occurred instantaneously and it carried the day.

Several observers remarked that employees going through hospital transformations often talked about and embodied a "freeing" experience in moving from an institution to a community setting. Our own investigations talking with staff confirmed this observation. Their energy and enthusiasm was clear. Doom was no longer just over the horizon for these state hospital workers. Now they were on the cutting edge of community based programming doing what the new wave of mental health practitioners preached.

It is undeniable, I think, that the hospitals have been transformed into something very different. It could be
argued, however, that transforming a state hospital is not the same as transforming a state agency - it has far fewer employees, and it is much more insulated from its "environment". These distinctions could certainly explain why I did not find a coaligning strategy or evidence of alignment or attunement in both hospitals.

**WHAT IS CHANGE?**

So what is change? - what constitutes incremental, turnaround, and transformation? Is it, for example, defined by the outcome of change (e.g. big, small, identity) or is it defined by the process of change. Our research suggests an outcome based definition of change. For example, the research suggests that there are multiple ways to achieve transformational change - coalignment, attunement, alignment and accumulating personal transformations. Hence, defining transformation by the use of any one of these processes may necessarily limit the transformational phenomena. As another example, I also found that small and slow change was not necessarily associated with continuous change. Indeed our research suggests that all change is discontinuous if we employ a fine enough grained lens to view the process. ¹³ Just

¹³"According to Ford and Ford (1994) change produces something that did not exist before. An organization does not actually move. Movement is only imputed after a difference between a former state and a current state is noticed. If we count the differences and not the movement between them, which we impute onto the difference and define as movement thus giving it continuity, then all organizational change is discontinuous."
looking at process, therefore, may be misleading."

On the other hand, relying exclusively on an outcome based definition of change necessarily presupposes that one knows the outcome. Obviously, it is not possible to have full knowledge of the ultimate outcome of any change process. Indeed, ODMH produced change in small incremental steps during our research timeframe, but since then the agency has demonstrated a deftness for much bigger jumps. A process definition of change is needed to complement outcome based definitions if only because outcome definitions require an outcome and it is theoretically, if not practically impossible to delimit a change episode to a single outcome.

Van de Ven and Poole (1995) offer a potential inroad to augment the present dissertation’s outcome based definitions (i.e. incremental, turnaround, transformation) with process based accents. They believe that all change processes are energized by four underlying generative mechanisms which they call "motors": a life cycle motor; a teleological motor; a dialectical motor; and a evolutionary motor. Van de Ven and Poole argue that all change processes are grounded in one of these primitives. That is to say, change occurs when at least one of these motors is present.

Moreover, the fact that we did not find the same processes (i.e. incremental, transformational, turnaround) as other research has found is also reasonable. The lack of confirmation neither denies nor supports the use of an outcome or process based theory. Indeed, looking for a process that always matches the outcome implies a one to one correspondence. The last 30 years of organizational research has taught us that there are many roads to a single result.
Life Cycle Motor

"According to life cycle theory, change is imminent: that is, the developing entity has within it an underlying form, logic, program, or code that regulates the process of change and moves the entity from a given point of departure toward a subsequent end that is prefigured in the present state. Thus, the form that lies latent, premature, or homogeneous in the embryo or primitive state becomes progressively more realized, mature, and differentiated. External environmental events and processes can influence how the entity expresses itself, but they are always mediated by the immanent logic, rules, or programs that govern the entity's development" (Van de Ven and Poole, 1995. p. 515)

Life cycle theories are frequently used to explain the change processes found in organizations. Typically, life cycle theories identify several stages through which organizations pass as they are born, grow and decline. Each stage in the sequence is cumulative and dependent, which is to say each later stage includes each previous stage, and therefore each stage is viewed as a necessary precursor to successive stages. But most importantly, the entity, policy, program, or individual must pass through these stages. Their progression is logical and predictable. The underlying "motor" of change is itself this built-in program.

Life cycle theories of organizational change often explain development in terms of institutional rules or programs that require activities to progress in a prescribed sequence. Greiner (1972) for example proposed five developmental stages through which organizations evolve 1) creativity phase, 2) direction setting phase, 3) delegation phase, 4) coordination phase, and 5) a collaboration phase.
Much like an individual going through childhood, puberty, adolescence, adulthood, etc., Greiner sees organizations as having to pass through one stage in order to reach later stages. Each successive stage is actually based on previous stages. Life cycle theories share this development stance of moving through stages of maturation driven by prescribed sequences of stages, policies or rules. Other examples of life cycle theories as they have been applied include technology development (Clark, 1985) leadership (Dreyfus et al, 1986; Torbert, 1987), decision making development (Bales and Strodtbeck, 1951); child development (Piaget, 1975) human development (Riegel, 1976; Flavell, 1982; Levinson, 1978); moral development (Kohlberg, 1969); new venture development (Burgelman and Sayles, 1986); and organizational development and change (Kimberly and Miles, 1980; Wisbet, 1970; Ford and Backoff, 1987).

**Teleological Motor**

Teleological theories view change as a process of goal formulation, implementation, evaluation and modification based on what was learned by the entity. The underlying motor energizing the change process is therefore guided by an active, conscious construction of goals and the collective of people actively seeking to achieve goals. Change is defined by the extent to which an organization moves toward its goal conditions.

Many contemporary treatments of organizational change assume a teleological motor. Examples include strategic planning (e.g. Eddy and Steinbrenner, 1988), strategic
management (e.g. Backoff and Nutt, 1992; Bozeman and Straussman, 1990), decision making (March and Simon, 1958), organizational development (e.g. Goliembiewski, 1986); action theory (e.g. Harmon, 1987); and approaches to organizational learning (e.g. Argyris, 1970).

**Dialectical Motor**

Van de Ven and Poole's third motor of change assumes a dialectical process whereby change occurs when oppositional forces confront the status quo. From this confrontation between thesis (status quo), antithesis (oppositional force of some kind), results a synthesis which is neither the thesis nor antithesis but is dependent upon both for its creation. The underlying dialectical motor of change is this oppositional struggle between thesis and antithesis. Over time the new synthesis becomes the new thesis which provides the basis for yet another developmental, synthesis from yet another oppositional struggle.

**Evolutionary Motor**

Finally, Van de Ven and Poole identify an evolutionary motor underlying certain change processes. Citing population ecology models of organization (e.g. Aldrich, 1979; Hannan and Freeman, 1977), Van de Ven and Poole identify a micro motor underlying macro-level shifts in the "structural forms of poplations of organizational entities across communities, industries, or society at large." (p. 518) They liken this evolutionary motor to biological evolution which maintains that change proceeds through continuous cycles of variation, selection, and retention. Variations are thought to be

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produced through chance mutations. Novel forms are
"selected" based on their fit with the system environment.
Retention involves those forces which maintain and perpetuate
existing organizational forms (e.g. inertia,
institutionalization). Competition for scarce resources
generates this evolutionary cycling between variation,
selection and retention.

* * * * *

Van de Ven and Poole's process conception of change is
useful because it attempts to get at "the differences that
make the difference" (p. 511) across theoretical explanations
of change. Thus, it focuses on root influences and the
essential causative processes of change. It also allows for
multiple combinations of the various motors which may operate
at different levels and at different points in time within
the life of an entity. This fits with our observations of
the energetic dynamics of the present change processes.

<table>
<thead>
<tr>
<th>Change Type</th>
<th>Life Cycle</th>
<th>Teleological</th>
<th>Dialectical</th>
<th>Evolutionary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incremental</td>
<td>M</td>
<td>M</td>
<td>H</td>
<td>L</td>
</tr>
<tr>
<td>Turnaround</td>
<td></td>
<td>H</td>
<td>L</td>
<td></td>
</tr>
<tr>
<td>Transformational</td>
<td></td>
<td>M</td>
<td>H</td>
<td>H</td>
</tr>
</tbody>
</table>

Table 19: Presence of Change Motors Across Change Types
I found that all four motors were represented in our sample. Table 19 identifies the motors by change type, the levels at which they were present, and the type of change process to which they corresponded. I distinguished the level or extent to which the four motors were present by indicating a low (L), middle (M), or high (H) level of influence.

Motors Underlying the Incremental Change Process

The incremental change process observed contained all four motors, though the dialectical motor was clearly showcased. The dialectical motor appeared in the form of constructed dialectical solutions to the oppositional forces of hospital-based and community-based care perspectives. Recall that Hogan was able to create conditions within which dialectical, synthetic reframes could be choreographed amongst the major players in the system. I saw these dialectical reframes associated with sudden shifts of perspectives in state hospital transformations, community-state-union participative planning sessions, and within department strategizing. I also noted brief bursts of cross-organizational activity occurred following reframes. The cognitive reframes appeared to open up new conceptual space within which new activity could occur.

The teleological motor was also clearly present. Indeed, as Hogan and his executive staff attempted to get intune with the swirling dynamics and evolutionary forces around them they were, in effect, trying to figure out how to act in order to have an impact on organizational goals. The
teleological motor, however, clearly did not have the same kind of impact that the dialectical motor had. Organizational constituents constantly asked for more clarity about organizational direction, strategies, goals, and philosophies. The previous regime had orchestrated a massive, focused, vision-centered change effort. Constituents became used to the system being driven "teleologically". Hogan's shift from a primarily teleological motor to a primarily dialectical motor muddied constituent's clarity about department direction and strategy.

The incremental change process observed also reflected influences from a life cycle motor as well. I observed that ODMH's change process was partially governed by developmental routines involving the creation of one policy. The typical policy life cycle always began with a participative planning group. The planning group always involved the same four groups: community boards, community agencies, consumer groups and family groups. This planning group makeup usually resulted in pro-community conclusions and pro-consumer conclusions. Union representation was purposely avoided. Participative planning groups of identical design were regularly used when confronting a new policy issue.

As I have pointed out in our discussions of key micro-moments in the change process, Hogan did inject various catalysts into these participative planning processes, setting the stage for dialectical motors to kick the process into high gear. What allowed for this to happen, however, was Hogan's reliance on the energy inherent in the policy
formation process. In other words, Hogan actively manipulated life cycle motors to produce the desired result.

Finally, evolutionary motors were also important to the incremental change process. These evolutionary motors were critical to ODMH's incremental change process in as much as they were critical to setting the stage for hospital transformation. As such, I discuss the evolutionary motor under the transformational change process.

Motors Underlying the Transformational Change Process

Though Sagamore and Millcreek relied on teleological motors as they swiftly reconstituted their workforce, the principal motors underlying the change processes came from dialectical and evolutionary motors. Evolutionary motors drove the change process early on and were then followed by the momentary revolutionary dialectical change process that I document herein. The system evolved from a largely hospital-based to a community based system of care.\footnote{Over the past 40 years, ODMH has actually experienced continual movement while oscillating between an emphasis on hospital based care and community based care.}

The Mental Health Act of 1988 actually set in motion system forces that redefined what types of mental health subsystems would survive and not survive. Shifting the power from the state to local boards of community care for the assignment of persons with mental illness to appropriate treatment and for maintaining fiscal responsibility for their own local systems dramatically altered the viability of mental health organizations - specifically state mental health institutions. State hospitals would have to prove their salt to survive. They would be competing directly with
community agencies for the provision of services. Simultaneously, fiscal incentives were offered to community boards to take their consumers out of hospitals. This created a difficult environment in which to compete. Many hospitals thought they were being set up to fail. These evolutionary forces (i.e. shift to a hostile environment) were critical to setting the stage for the hospital transformations observed at Sagamore and Millcreek. In order to compete, Sagamore and Millcreek had to adapt to the new conditions. They had to transform from being a hospital to being a community based service to succeed.

The dialectical motor was also clearly present in both hospital transformations. The very idea of the transformation was a dialectical solution to a thorny problem. Largely enabled by Director Hogan’s dialectical, synthetic style of thinking, ODMH was able to find a solution that satisfied multiple interests (i.e. board interests, hospital interests, ODMH interests) while elevating resources going to the local communities, maximizing retention of staff, and limiting political fallout. In effect, the dialectic put an exclamation point on the evolution of the system to date as community and hospital forces were given equal voice in the construction of a new future.

**Motors Underlying the Turnaround Process**

The turnaround process was driven primarily by a teleological motor and to a lesser extent by an evolutionary motor. Mihm's regime was forward looking, future focused,
visionary, and purposive. It was saturated with a "can do," "whatever it takes," "make it happen," bias toward action. This pruposive, teleological energy manifested itself in the three action strings (i.e. enabling, shaping, jumping) identified.

Evolutionary forces actually tempered against the teleological motor. The environment simply did not allow for a quantum jump to a new private sector form. Multiple interest groups, the legislature and other public agencies refused to open up the niche required. Instead these groups battled over interpersonal issues with BWC's executives, culpability for the current operational problems, political risk and imaging a nonreality to the general public. Near the end of his tenure, Mihm said a number of times that "the environment simply would not allow the change to occur."

In an evolutionary sense, the bureau's planned form was not "selected" by the environment. Even though public law established the legitimacy of the new form, system forces (e.g. inertia, resistance) combined to buttress the existing form rather than facilitate the organization's evolution into Mihm's envisioned form.

Blending Process Based Definitions with Outcome Based Definitions of Change

Van de Ven and Poole's process-based conception of change helps to break down the case dynamics into its most elemental forces. BWC change process could be characterized as a battle between teleological motors and evolutionary motors. ODMH's incremental change process involved a variety of motors, but most notably a reliance on the dialectical
motor of change. Sagamore and Millcreek’s transformational change could be attributed to evolutionary, dialectical and teleological motors.

Based on an analysis of the three change episodes using an outcome based definition and a process based definition I believe that modifying our original conception of change per Table 2 is suggested. Table 20 catalogs our updated view of change.

<table>
<thead>
<tr>
<th>Change Type</th>
<th>Scope</th>
<th>Rate</th>
<th>Flow</th>
<th>Direction</th>
<th>Life Cycle</th>
<th>Teleological</th>
<th>Dialectical</th>
<th>Evolutionary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incrementalism: Mid-Course Correction</td>
<td>Alpha First Order</td>
<td>Slow</td>
<td>Discontinuous</td>
<td>shift in strategy may involve shift in vision</td>
<td>Low</td>
<td>Med.</td>
<td>High</td>
<td>Med.</td>
</tr>
<tr>
<td>Revitalization/ Turnaround</td>
<td>Beta First Order</td>
<td>Usually Slow</td>
<td>Discontinuous</td>
<td>No direction shift but shift in strategy.</td>
<td>High</td>
<td></td>
<td>Med.</td>
<td></td>
</tr>
<tr>
<td>Transformation Closing/Opening Processes</td>
<td>Gamma Second Order</td>
<td>Fast</td>
<td>Discontinuous</td>
<td>Involves both direction and strategy shift</td>
<td>Med.</td>
<td>High</td>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>

Table 20: Types of Change (Revised)

Cataloging is one foundation of good theory (Backoff, 1974). Our research has distilled three change types into its essential elements and described how each change type was produced. That said, we are still left with the big “so what?” How can these descriptions be practically applied?

Unfortunately, though quite predictably, Van de Ven and Poole’s theory provide little in the way of prescriptions for managing the process of change. Metaphorically speaking,
their theory is conceptually incapable of becoming a prescriptive model of change. The reason for this should be obvious: it would confound the theory by forcing the four ideal types into a single teleological toolkit of sorts. Finding lessons for practitioners disintegrates the four motor theory into a single relevant motor - teleological. In effect, it would "demean" three unique motors by transforming them into teleological motors. The internal elegance of their theory would be lost. At the risk of sounding irreverant, I intend to do just this - "teleologize" Van de Ven and Poole's theory so that it fits our prescriptive purposes.

Building a Theory of Public Organizational Change

This section establishes our argument for a tentative version of a grounded, mid-range theory of public organizational change. I begin by highlighting the critical similarities and differences across the three experiences. Then, I build these observations into a rather simple theoretical, descriptive framework which implies a prescriptive theory for managing change. Our prescriptive theory of change includes insights from Van de Ven and Poole's theory of process-change. Finally, I conclude this dissertation with implications for future research.

Based on our analysis there appeared to be four shared constructs to the dynamics observed. In the order of their presentation: (1) action impact (2) locus of control; (3) external pressure and attractive forces, and (4) the rate of action over time.
The Search for Impact - I found that all three cases were concerned first and foremost with choreographing "impactful action." That is to say, change processes, whether big, small, or transformational were all focused on creating generative actions with big impact. I define an action as being "impactful" as an action that produces a change in the desired direction, scope, speed, and/or identity.

In all three cases the leaders concentrated on a small cluster of central ideas to manage the change process. All strategic actions, in all three processes, supported these central ideas. Mihm tried to choreograph high impact action by funneling action at high impact systems. Hogan did this by "watching and waiting" for the exact moment when the catalyst could produce "maximum impact with minimum outlay." Sagamore did this by instilling an attitude of "we have to stay together to help kids." All of their actions targeted keeping the hospital intact. Millcreek's high impact actions involved waiting and responding to board requests, saving their energy to focus on what boards wanted rather than developing programs they wanted to deliver.

Locus of Control - The relationship between the organization and its environment was another critical feature in all three change types. Comparing across the three cases it seems that "locus of control" (Wechsler and Rainey, 1988) over key strategic thrusts played a dominant role. The locus of control refers to the location - internal or external - of influence over strategic thrusts. If an organization has an external locus of control, that means that environmental
entities have the upper hand in defining the context of strategic action. The context of strategic action includes the timing of the actions, the resources used to implement the strategic action, the identification of what strategic thrusts are most important and it may also control what decision processes will be used. If an organization has an internal locus of control, then it may define the context surrounding strategic activity.

Who controlled these contextual keys was absolutely critical in the cases. To illustrate:

- One of BWC's failed jumping string was actually an attempt to legislatively move the locus of control internally.
- ODMH's locus of control relative to community boards was critical to the incremental pattern observed. If it did not control the resources, the strategies, the timing of action, and the nature of the relationships and how disputes would be resolved, ODMH would not have been able to slow the organization down and turn it 1/4. Hogan could not have done what he thought was "right." Instead he would have had to bow to the pressures being exerted by communities to rapidly close hospitals and generate dollars going to communities as fast as possible.
- Sagamore and Millcreek's locus of control was decidedly external as well. Sagamore created, and worked, and imagined, and fought, but they could never crack their four walls. Their context never allowed them to change. It was only when the context changed was Sagamore allowed to change. Millcreek acknowledged their external locus of control so they waited.

Rate of Action - The third element that surfaced as a critical factor in all three change processes was the volume of actions taken over time. Turnaround was characterized by a constant flurry of activity. Transformation was

"Interestingly enough, Mihm commented on a number of occasions that "what is right is impossible to implement."
characterized by a flurry of early activity followed by a period of no activity and a later period of high activity. Figure 16 illustrates these differences. Bold lines signify high frequency action. Dotted lines signify low rate action.

- - - - - - - - - - - - - - - - - - - - - - - - - - ODMH/Incremental/Mid-Course

- - - - - - - - - - - - - - - - - - - - - - - - - - BWC/Turnaround

- - - - - - - - - - - - - - - - - - - - - - - - - - SAGAMORE/MILLCREEK/Transformation

Figure 16: Pattern of Action Frequencies Across Three Change Types

External Pressure and Attraction—The fourth shared element across the three change types was the presence of two persistent energy types—external pressure and the use of attractive forces. External pressure for change came in the form of phone calls and letters from legislators, the Governor, interest groups, negative reviews by the media, angered clients and consumers, etc. Attraction came in the form of the development of new organizational values (e.g. open communication, risk taking, learning), human services values (e.g. consumer-based), self interest (e.g. to be successful, to get more pay, to have more pride) and ideas that people could commit to.

External pressure tended to affect the senior levels and boundary spanning units first, and then, depending upon the locus of control, external pressure translated into an
increased internal pressure to respond to external demands and concerns. Developing and manipulating attractive energy was the province of top management. Attraction was used to attempt to draw out different behavioral responses and changes in attitude from staff and external entities.

These four cross-cutting themes in public sector change: a search for impact, the importance of locus of control, the importance of the volume of action and the presence and use of external pressure and attractive energy form the basis for our theory of public sector change processes.

We begin by using "impactfulness" and "rate of action" as building blocks of our mid-range theory. The first dimension is represented as high impact and low impact action on the x axis of Figure 17. The second dimension is the rate with which strategic action is taken. This dimension is represented on the x axis of Figure 17.

![Diagram of change type and action quality and quantity](image)

**Figure 17: Change Type and Action Quality and Quantity**
Our theory of change begins with these two simple concepts. Change is produced by the impact of strategic action, and the rate (volume/time) with which such action is taken. The combination of high impact actions and the rate at which action is taken over time will define the sort of change observed. High impact action performed with great rapidity will likely transform a system very quickly. Low impact action committed with sufficient volume over time will eventually turn an organization around. In BWC's case that took about 6 years. High impact action committed at a low rate provided us with the illusion of incremental, continuous change but the change was really a series of well placed small discontinuous jumps. The following sections describe each of the cells in Figure 17 in greater detail.

Low Impact Action/High Rate

Turnaround consisted of a high-paced flurry of low-impact action. That is to say, tough, decisive, and no-holds barred action was being taken every day in an attempt to push the organizational behemoth towards Mihm's strategic image of the future. Driven by an internally powerful sense of individual efficacy and by extreme external pressure to change, Mihm and his colleagues relied on a future-focus and a funneling strategy to target high-impact systems (i.e. pilot projects, claims, systems, training). But, while the systems were high-impact in the sense that they were absolutely critical pieces to the Bureau's strategic imagery, the actions taken to move those high-impact systems were themselves low impact. There were no "jump" forwards in
performance in any of the management systems overall.

Mihm's future focused, action-focused strategy did produce significant financial gain as well as transforming particular areas of the organization through concentrated focus and effort - but these were still made in localized areas. I noted that as focus was applied to particular areas or particular projects there was a tendency for other areas of the organization to decay, get demoralized, get comfortable and complacent, or just get angry. I labeled the effect the "one-lead-foot effect." While organizational leadership focused its attention on one part of the organization, or on its strategic core, the periphery of the organization, or the "non-critical" areas of the organizations became problematic. Some individuals from these areas sought the ears of BWC board members and state legislators and levied their charges of a lack of communication, a lack of training and support, and basic disagreements over the method and goals of the change process. The present author was present at one episode where a board member publicly voiced their concern about the "lack of communication" with the workforce and the CEO plainly stated the lack of truth in such comments. The Board member was visibly offended.

Eventually, Mihm's reputation of "arrogance" would be a large part of his undoing. This is one clear example of how the one-lead-foot effect can slow strategic action, take the attention of BWC leadership from "doing the change process" to justifying it or managing the symbolism around it.

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High Impact Actions and Low Rate

ODMH's strategic actions were relatively few in number but qualitatively potent. I have already talked about how specific moments in time were used to reframe thinking, change attitudes, and alter system patterns. Spurts were also observed whenever Director Hogan interceded. He would intercede, reconceptualize the issue, provide some strategic substance, make a decision, or simply give credibility to the particular engagement and energy would suddenly get unhooked and jump forward. The Director's attention at Sagamore and Millcreek resulted in these same spurts.

While the Director acted well and with impact, ODMH's frequency of action was not high. Their strategizing process was aimed at maximizing understanding first, and acting second. ODMH's guideline was often "watching and hanging out" until the very last possible moment to understand which way the wind was blowing and the currents were moving so that the action that was eventually taken could make a big difference. In general, ODMH was concerned first with finding the right course. Rate of action was only of secondary importance.

High Impact Actions and High Rate

In transformation, action quality was mixed. Early action was low impact and later action was high impact. Sagamore's early pre-transformational process was characterized by dead ends and wrong ways. Sagamore came up with multiple programs and services for a new community-based look only to be rejected by the Hyde and Knisely regimes.
Millcreek's early transformational process was characterized by some of the same dead ends, though not to the same extent. For example, they pursued the failed option of developing a joint venture with the Hamilton County Mental Health Board which would have essentially "sold" the hospital and its staff to a consortium of Hamilton County mental health and juvenile court authorities. In both Sagamore and Millcreek, after a period of immersion in a purposeful though mired change effort characterized by wheel spinning or just plain butting heads, a pathway eventually crystallized and high frequency actions were taken with high impact.

In the Millcreek case, high impact action began after boards agreed to plan in earnest for sos services. Their breakthrough happened much earlier in the process than in the Sagamore negotiations. In the Sagamore case, the breakthrough came after years of negotiation and argument. Indeed the early phases of the Sagamore transformation were very similar to the BWC dynamics in which something akin to a "one-lead-foot" effect dominated. Perhaps "two-lead-feet" might be a more apt description. Sagamore's high paced activity resulted in very little gain. They ran up against brick walls at nearly every turn. It seemed like people "thought it was better off not existing."

In both cases, once boards allowed for the transformation, high impact action was taken at a relatively high rate. There was a flurry of activity to define programs, services, people, policy, and the various qualities and characteristics of the new organization they were creating in
less than a year. Some actions not only contributed to the transformation of the hospitals they also helped to reconfigure the wider mental health system, such as finding a creative solution to the Medicaid reimbursement practice and union supervision issues.

**Low Impact Actions, Low Rate**

Low impact actions taken at a low rate is what is normally thought of as an incremental, slow, plodding, risk averse, go-with-the-flow change process. Actions are taken sparingly and have little impact on changing the organization.

* * * * *

The $100,000 question, of course, is “how does one produce high rate action with high impact?” It is a question that seems like it should have an easy answer, but yet we have seen that it is a condition that is very difficult to achieve. Even Sagamore and Millcreek only achieved the condition once their contexts essentially allowed the transformations to occur. Transformative, high impact, high rate action became a matter of “just getting the job done.”

Each case tells us something we can use to figure out how to produce high impact actions with high frequency. ODMH tells us how to produce high impact action. BWC and Sagamore tell us how to produce high rate action. To some extent Sagamore and Millcreek tell us how to produce high rate and high impact action.
Energy Associated with High Impact Action

According to our findings, high impact actions tended to be associated with energy created by dialectical and dual horn energy (Hampden-Turner, 1991). Dialectical energy summoned up new synthetic ways of looking at problems - which were eventually transmuted into the system. Dialectical solutions (1) created new psychic territory in which competing sides could work collaboratively and action attractors (2) provided a few simple guidelines around which a new equilibrium could form.

The source for Sagamore and Millcreek's high impact action was very similar to ODMH's. Both Sagamore and Millcreek required a dialectical reframing of what their organization was and what it would be. They both involved dual horn solutions where the hospital had to cooperate, compromise, and collaborate with local community agencies and plan in tandem with local community boards to establish and institutionalize their programming. The hospital transformations, like their parent state agency's change process, involved attractive energies associated with a very strong vision of what it was going to become as well as strong children-first values that told them what they were transforming into was an appropriate way to go.

Finding dialectical, synthetic solutions to thorny issues, and developing some kind of attractive field to guide post-dialectic action was clearly part of what I saw as "impactful action." In both the transformational and incremental cases, however, strategic congruence across
multiple motors also seemed to be especially important to creating high impact action. For example dialectical solutions were purposively facilitated by ODMH through engaging expected, scripted participation in policy development groups (life cycle motor) which were later augmented with union and employee interests (dialectical motor) in order to retard some of the destructive side effects set in motion by the Mental Health Act of 1988 (evolutionary motor). The life cycle, evolutionary, and dialectical motors were choreographed "teleologically" by organizational leadership, and resulted in two significant micro-moment in ODMH's change process. Conversely, BWC's low impact action was characterized by a constant opposition between two critical motors in that change process possibly suggesting that the lack of motor congruence was a major factor blocking BWC's transformation. Similarly, Sagamore's early attempts to change (teleological motor) met with significant resistance as ODMH's leadership at the time and the system as a whole was playing out a whole other evolution (evolutionary forces) in which hospitals did not exist. It was only when the system's evolution was "tweeked" by a few well-placed strategies did Sagamore's efforts get results. In other words, change occurred when incongruency between motors was removed. Strategic congruence across multiple motors appeared to be one clue to creating high impact action.

Energy Associated with Frequent Action

There were two shared energetic factors that were associated with high rate action: External pressure to act,
and the use of attractive forces to mobilize people. In
turnaround and in transformation external pressure to act was
extreme and this pressure manifested itself in the various
"flurries of activity." BWC, for example, was exposed to
significant external pressure to act. Referring to the state
legislature, Mihm would remark "we gave them a 18 month plan,
They gave us back a 12 month plan." At Sagamore, Thernes
referring to the change in the system from a hospital based
system to a community based system and the eventual demise of
the hospital, remarked, "you could see it coming like a train
coming down the track." Both saw the future very, very
clearly and both acted swiftly to change the present.

Both BWC and Sagamore had an external locus of control.
That is to say, their environments controlled the elements of
context associated with time. The "environment" controlled
deadlines and resources and when and how things ultimately
would get done. So when the environment demanded fast action
these organizations responded.

Attractive forces came in the form of a strong sense of
future imagery that connected hospital worker and the child
client in some future relation. They did not know exactly
what they would be doing, but they knew that they would be
working with children. Sagamore staff, for example, talked
about a "whatever it takes" attitude to help the child, so as
long as they knew that they would be helping children the
"hows" would be governed by whatever it takes. The
attractive force of the clinician - child relationship was
the main force in their personal acceptance of their new
role.

BWC's attractive energy came from institutionalizing forward thinking, forward looking language, and outcome, result based management and action taking. BWC implanted a results-oriented, management philosophy that levied no penalties for taking intelligent risks and making mistakes, but held people accountable for producing certain results within certain timeframes. Indeed, they established all kinds of measures and indicators of success and performance to which specific individuals were held accountable for producing.

A PROPOSITIONAL THEORY FOR MANAGING PUBLIC SECTOR ORGANIZATIONAL CHANGE

How then, does one produce high action impact at high rates? Hogan's high impact strategy relied on waiting and watching and learning - forces conducive to making quality action work, but not forces conducive to quick action. Mihm's high rate strategy relied on taking a flurry of action and maintaining a high level of drive which often resulted in a feeling "of usually being beaten up" by the system. I believe that producing high impact with high rate lies in a combination of these strategies.

Proposition #1: The quicker intunement is achieved the quicker will high impact action and high rate action be created.

It begins with developing a sense of intunement quicker and faster. Along these lines I offer the following suggestions to achieve this. These suggestions are
based primarily on the ODMH experience and the Sagamore and Millcreek experiences.

1) Track and share key "sittings" about what appears to be important in the external and internal environments in the present environment. Try to understand these sitings in relation to each other to begin to map out developing patterns and trends, but focus on understanding the here and now. Eisenhardt (1990) found that organizations that were more concerned with forward looking information with only a loose grip on immediate happenings did less well in high-velocity environments. It might be useful to rely on executive committee members to do those sitings and the CEO to engage in forward looking information and thinking.

2) Track external information using frequent meetings and conversations with key external people to understand what is happening now and what might happen in the future.

3) Seek advice from multiple parties regularly but count on a small group of savvy, trusted confidants both internal and external to the organization.

4) Develop a shared sense of each other within the executive team. This means understanding the tendencies and proclivities of the other executives and this may involve using self reflection and an open airing of ideas.

5) In the most critical issues and problems, develop multiple alternatives (e.g programs, solutions, ideas, strategies) as soon as possible and start building and designing them in parallel form if necessary until it becomes clear which is the most appropriate.
6) Do not get rid of the entire executive staff. Keep as many on board as possible and for as long as possible.
7) Refocus knowledge generation activities on internal and external relationships and processes.
8) Engage in active self reflection, use outside consultants to observe and comment on group processes and communication processes.
9) Take action as soon as possible. Early on, take as much action as quickly as possible to begin to understand the linkages between action and outcomes and to begin to build a sense of the relationship between action and change.
10) Seek to find moments where congruence across motors can be maximized. Take notice and track, as part of the intunement process, the system forces associated with evolutionary and life cycle motors and look to capitalize on opportunities that present themselves using dialectical solutions.

The quicker a sense of intunement is developed, or the quicker conditions are created for intunement to kick into gear, the faster will leadership be prepared to act decisively and with impact in the moment of action. Intunement essentially provides the leader or leaders with system antennae that allows them to know almost instantaneously what is a problem, what will be a problem, and how to deal with it.
Proposition #2: If leadership takes high impact action that has a proximal and direct effect on the creation of high rate action then not only will impactful results be achieved but the intumement process will simultaneously be bolstered.

High impact actions can also be used to create high rate action. High impact action is often followed by a flurry of activity - mostly detail, operational, alignment kinds of activity, but many of them nonetheless. Since I believe that the sheer volume of actions has a decided impact on intuned thinking the more action taken the better. The specific high impact actions that created high rate actions grouped into four general categories: (1) actions that resulted in personal transformations; (2) actions that produced or relied on dialectical synthetic solutions; (3) actions that produced, reconfigured groups and spinoff groups; and (4) actions that tended to focus on changing context and not people's minds.

1. Look to Create Personal Transformation

In our estimation the most powerful actions that were taken in the three case studies all involved transformations of a personal nature. That is, those actions that produced individual personal experiences of change were the most impactful actions. I saw that many Sagamore and Millcreek staff experienced these personal transformations - from being demoralized to being energized, from being apprehensive to being hopeful, from being a hospital worker with a bleak future to a community worker with a bright future on the cutting edge of things. These same personal transformations occurred in each of the other change processes though to a
lesser degree. Board directors around the Millcreek transformation suddenly went from being resistant to genuinely interested in transforming the hospital into something they could use. The two nurses at BWC who were suddenly asked to do something with a handful of catastrophic cases, something they had never done before, helped their clients tremendously and in so doing came up with the model that eventually turned into a statewide catastrophic case program. Personal transformations did occur in all three cases, though they clearly occurred more frequently in Sagamore and Millcreek.

Mapping backwards from these experiences of personal transformation provides us with several clues about crafting strategies and tactics to produce these impactful changes in behavior and attitude. Four contexts appear to be most important.

1) Very few specific targets are provided. The general proviso of “make it work” seems to be the only common theme. Other than that there was near total freedom to act as they chose. Only a few values or parameters were specified but those were usually ephemeral, and fuzzy.

2) It is in the individual’s self interest to sustain action. Self interest may not be the initial spark, but provisions must be made so that the individual can at least rationalize their action in terms of self interest. The nurses were “nervous as hell” but went through with it because of the new experience gained. Board directors found it in their community’s interest to act differently.
Hospital workers changed because it was their new job.

3) The context was extremely challenging and involved something completely new. The southwest board directors had never experienced the sort of cooperation and collaboration they were hard at work to achieve amongst themselves. The nurses and hospital workers had never done anything like what they were doing before.

4) The context always involved a group. The transformation was a personally experienced one, and everyone interviewed had their own reasons for their personal transformation but in all cases those transformations were accompanied by others making the same transformation.

The more strategies and tactics that are crafted around specific actions which support these conditions -- minimum critical specification, individual self interest, completely new activity, and within a group context -- the more potent, I believe, the action, tactic, and strategy will be. Such actions have the potential to produce personal transformations - which not only are high impact, but also produce fast change.

2. Crafting Dialectical Solutions to Thorny Problems

Dialectical solutions to difficult problems were also potent actions, and they also seemed to lead to fast, high rate action. For example, once the Millcreek transformation was constructed and accepted by Boards, a flurry of actions followed. It was if a floodgate were opened and once agreed to it was a matter of putting the blocks into the mosaic. These new ideas provided a new direction around which people
could get again.

The same could be said for Sagamore. The possibility of transcending most all substantive problems through transferring the facility to DYS quickly attracted a lot of attention in ODMH. "It was as if we put all our eggs into that one basket." People in ODMH and in Sagamore hurried to make the proposition work. We saw this same flurry of activity occur around site-specific programming where groups of Sagamore staff would work with individual communities and provide children services to meet their specific needs. In effect, they would be a community based service, but they would use hospital staff, thus representing a dialectical solution between competing board and state employee concerns.

3. Create a stream of groups around high impact issues and start this process as quickly as possible

Creating a stream of groups around high impact issues helped to maintain high rate action around high impact issues and strategies. Groups spunoff from former groups, were reconfigured, or got bigger or smaller. At each spinoff or changeover to another group another burst of high rate action kicked in. For example,

- BWC established a transition team that produced an operational vision of what the BWC should be. Its plan produced a number of spinoff groups that worked to install their original ideas.
- ODMH established participative planning groups around hospital futures, children and family issues, specific hospital transformations and consolidations, and other issues like diversity. These planning groups developed their own agendas, identified the most critical subissues, defined a strategy for dealing with them, and developed spinoff groups who then operationalized the ideas established. These statewide groups suggested regional groups whose representation was identical to their own. Regional
groups often assigned work to specific subgroups to make operational choices.

- In the Sagamore transformation, when specific participative planning group discussions broke down or stalled, smaller groups were spun off to focus their energies on the most difficult points. When the parties decided to take a timeout, a small two-person group was formed that eventually moved the process forward. Later a 5-group subcommittee was formed to move the process even further. When all was said and done, ODMH and community boards went through several different sized groups and at least seven different forms of groups to keep the rate and energy moving forward.

- BWC changed the composition of its executive team no less than 5 times during a two year period. Executives moved on and off the executive staff as priorities changed over time. Hence the executive team was itself a shifting, strategic group that brought new people in to integrate and energize action as the organizational change process approached new issues.

- The Millcreek transformation was enabled once boards agreed to the idea of the transformation. The moment energy was ignited was also the moment when the group configuration changed dramatically. Two new board directors and a new department representative were thrown into the mix and that was partially responsible for moving the discussion into an action plane.

Rarely was the first group established to kick off the process around to finish it. Multiple groups were choreographed over long periods of time. With this in mind, leaders need to understand that simply starting the process with a participative group is an important first step. It is one that can be taken relatively quickly to demonstrate movement to an external audience that in many cases is waiting for movement.

4. Lead at the Boundary of Context and Action

Ogden Lindsley from the University of Kansas proposed that there are two general classes of intervention used to
produce behavioral change. The first involves the omission or initiation of an action designed to change someone in a particular setting. The second involves putting the individual in a situation that supports the desired set of behaviors. Lindsley found experimentally that the relative potency of these different tactics was 10 to 1 in favor of changing the setting rather than initiating attempts to change the individual.

Our case study, in-situ analyses of behavioral change confirms Lindsley’s observations. In the Millcreek and Sagamore cases, actions were targeted at manipulating and creating situations in which new behaviors and attitudes could develop. I defined these specific actions as “reshaping” the contours between context and action to, in effect, reshape context to reshape action. Three subcontexts were shifted to produce the desired range of behaviors: relational, temporal, and legitimacy/credibility.

BWC and ODMH provide us with some instructive advice on managing context to produce fast and frequent, high impact action. Hogan, purposely used the budget processes and commitments to the Governor and external stakeholders as a means to produce fast action and fast results. Mihm often sped up and slowed down the change process by incorporating publicly reported timelines into performance measures, whose achievement would be the principle rationale for the release of legislative “contingency funds.” In all these cases the organizations involved actually moved into higher pressure situations to force the organization into high rate responses
- but only after a strong sense of what they would and how they would achieve it had been agreed to.

In a sense one of the principle tactics used to create high rate action was to purposely shift the locus of control around issues from internal to external in order to force the organization into action.

**Proposition #3: If change processes rely on the use of attractive forces (i.e. vision and values) and shun the use of repulsive forces (i.e. devaluing previous organizational patterns) then high impact action and high rate action will more likely be generated than by relying on either a combination of attraction and repulsion or repulsion alone.**

Attraction is a much more effective tool in producing high impact action. Repulsion could create a one-lead-foot effect. Remember, an act of creation is not necessarily an act of destruction unless you call attention to it.

All three types of change relied on the power of attraction. In BWC's case however, it was coupled with the power of repulsion. Mihm's message was a consistent look to the future and condemn the past. The problem of course with this approach was that the organization, the board, and the legislature all to some extent were part of the past. Condemning the past faintly but most definitely condemned the very people he needed to change the organization.

Hogan, on the other hand, tended to praise the past. But, for at least the first year and a half of his tenure people seemed very confused about the direction the organization was headed. His vision of the future was not very clear. He would often talk about issues and ideas and hope that employees would pick them and run with them. The
problem with this, was that although it resulted in highly impactful, committed action, it took a long time to take shape. Several months to a year or more would pass before he saw these ideas take root in someone’s commitments to action.

To create high impact, high rate action through the power of attraction, I turn to lessons from Sagamore. Thernes was able to create high rate action by creating a joint participative, vision of the future - from the ground up. All employees participated in a kickoff exercise where managers actually blew up a cardboard image of the hospital and employees were asked to identify the skills and strengths they could offer the community without the four walls of the hospital. The idea was not that the hospital was bad, but rather that conditions had changed and that in order to retain the hospital’s identity as a group they needed to change with the times. Their vision of the future rested on these early participative exercises. All of Sagamore’s current services had their roots in those early exercises.

Their vision of the future was inclusive, it was created by everyone’s input. Their vision of the future built on the past and incorporated its strengths into that vision. Their vision said “we can do it, if we do it together.” Their vision was also supportive of their existing sense of identification with organizational goals and values, which was - “anything it takes to help the child.” They knew and understood that they had to change and they knew and understood what they were going to do to change in order to continue to help their kids. Even those who would not be a
part of the new organization knew what was going to happen and why.

This shared sense of vision and values, I think, can be thought of as a field (Wheatley, 1992). When a strong, compelling, and clear vision is established, organizational members know instinctively what to do. Part of developing such a vision and set of values requires wide participation and not just a well-crafted set of words. People have to feel it as well as understand it.

IMPLICATIONS FOR CHOREOGRAPHING CHANGE PROCESSES

At one level, the implications of this framework are really quite simple. It suggests that change can be explained and produced by a combination of how fast you act and how well you act. This revelation should surprise no one.

On the other hand, how we reconcile high impact action with high rate action is probably one of the most crucial questions in contemporary management and organizational thought. It used to be that academics focused much of their attention at learning how to create high impact action. For years, organization studies has been obsessed with advancing rational thinking and optimization models and frameworks to improve practice. Many observed that the real life activities of leaders and managers were chaotic, undisciplined, crisis based and reactive. Rationalism was seen as the general method of cutting through all of that and producing better more “impactful” strategy, decision, and action. Strategic planning and some strategic management
approaches exemplify this sort of rationalism in contemporary thought.

In the past 10-15 years or so, however, there has been a decided shift away from the planful, rational strategic approaches to managing change towards acting first and thinking later. Daft (1994) for example, describes the characteristics of effective organizations that support the "paradigm shift" in organizational thinking. He finds that in order to be successful in today's rapid paced, high intensity environment, top management needs to (1) cultivate a vision that gives employees a sense of direction, shared purpose, and meaning; (2) instill a bias toward action, which means not to overanalyze problems before taking action but rather to "do it, try it, fix it," or "ready, fire, aim"; and (3) stay away from rational approaches to making decisions because they may not be "fast enough, accurate enough, or able to handle ambiguity." (Daft, 1994. p. 66):

Speed is clearly an emerging criteria of organizational excellence in today's "high velocity environments." (Bourgeois III and Eisenhardt, 1988; Eisenhardt, 1990). Slow action in high-velocity environments is tantamount to wrong action. Speed is a crucial goal in corporations, as they seek to compete with fast changing technologies and products, and in government, as they seek to change and transform organizations in four year increments and under, in many cases, turbulent and even hostile conditions.

This dissertation suggests that what we need to focus our attention on is how can we do both. How does one produce
high impact action while simultaneously acting with speed, is of course, the question of the day. Rational approaches to thinking and strategizing simply take too long. These can be part of an initial planning environment but as conditions change over time the plan can go bankrupt relatively quickly and the management team finds that it has to establish a new plan. Other methods, such as cognitive mapping, interactive modeling that are not rational by design still require time to develop and maintain over periods of time. At ODMH, we tried to assist the department with developing such techniques but they were generally too cumbersome and too time consuming to maintain despite their probable long term value. In any event, ODMH’s actions were, generally speaking, of high quality and high impact, but they were taken infrequently drawing criticism from its constituencies throughout the first few years of its change process.

On the other hand, fast action or “acting now and thinking later” seemed to work for private corporations like GE and Pepsico (Daft, 1994), but these same methods almost turned success into failure as BWC acted with monocular zeal and confidence. Fast action had unanticipated side effects – which most notably came in the form of employee reaction and resistance and board and legislative resistance to the CEO’s confident and somewhat indelicate “just do it” manner.

The answer is in doing things fast and simultaneously performing optimally. Taking the actions suggested may provide the would-be change agent with a guide to building the capacity to allow them this possibility.

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I believe that our propositional theory of public organizational change represents a contribution to the burgeoning literature on public leadership and change. One, it is grounded in systematic, longitudinal, and cross-sectional, qualitative research. Two, it attempts to tackle one of the critical questions of leadership and change today -- which is how does one create high impact actions with high frequency? Three, by drawing on successful strategic actions and the best practices of the three change types, I suggest multiple prescriptions that actually provide specific operational guidance.

Broad theories of change are so broad they add little instrumental value to the would-be public sector change agent and the practical realities they face. They generally do not help with the question of "what do I do?" They also offer nothing with respect to "speeding" the process or creating high energy, frequent action beyond suggestions that revolve around enhancing facilitating forces and reducing restraining forces (e.g. Lewin, 1937; Kauffman, 1959). I found that certain actions actually generate more action. I also found, however that the quantity of action does not often make a difference without high impact quality action to open new strategic space. Without impactful, systemic action, speedy action often just hits a brick wall.

Finally, the process I suggest transcends traditional contingency views of public organizational change by suggesting we develop an intunement capacity to see in a world of dynamic, ever-changing contingencies. Rather than
relying on static contingencies models I suggest that it might be better to bolster the intuitive and sensemaking abilities of public sector executives to diagnose a world of contingencies.
APPENDIX A

Two of these reframing experiences occurred during the "Hospital Futures" process, a collaborative process Hogan established between department, board, community agency, family members, and consumers representatives from their respective associations, to tackle the problem of the "all-important" hospital question.

MOMENT #1 - The first of these reframes had to do with the issue of union participation and union involvement in the planning process. Up until this point, unions were not considered part of the mix. They were considered to be largely lined up against the value premises of the Mental Health Act and thought of as a barrier to change. By and large, community representatives believed that it was time to take the unions head on and close hospitals.

The reframe, in this case, occurred at two levels. First, hospital future committee members agreed to take ownership of the union issue. Up until this point both hospital future committee members and the community leadership at large believed the union problem to be the department's problem. The department's job was to "take care of the unions." The willingness of the hospital futures committee to assume this responsibility was an important
reframe. Second, the committee’s agreement to acknowledge the importance of the union position and the fact that their “piece” of the legislation was a real point of the law was another breakthrough. Up until this point, many board

Mental Health Act gains passage at the 11th hour only with union concessions - specifically that the state would continue to have a significant presence in the delivery of services

Commonly held view among community leaders that these concessions were only temporary ones, and that the spirit of the act did not include a significant state presence in the long run.

Communities increasing pressure to close more hospitals to fund community systems of care

Union starting to become agitated over their noninvolvement in HF process

Based on historical norms and to provide participants a sense of sameness to quell growing concerns about the speed of the process. Hospital Futures committee is established and participation limited to the groups most influential in passing the ACT - department, boards, agencies, consumers, and families.

HF discusses and committee suggests that the Department deal with the problem. Department says no, union is not looking at us they’re looking at you. HF is forced to deal with union issues and realize that they are a force to be reckoned with and that the legislation did include hospital workers in Ohio's future.

Director meets with Executive of Union. Union believes it is being left out of the process. Hogan agrees to put union issues on the table for HF committee to discuss.

Union acting as an honorable player in the Mental Health Act implementation thus far. Remain fairly quiet while workforce had already been scaled back by 1600.

Letter written back to Exec. of Union highlighting the shared agreement among HF constituencies that the union is a force to be reckoned with and that there was an arrangement with hospital staff and their union as prescribed in the Mental Health Act.

Figure 18: Reframing the Union’s Piece of the Act
directors and community agency execs believed that the 11th hour deal with the unions to gain passage of the act was inconsistent with the intent of the law. Moreover, there was some implicit understanding that that portion of the Act would simply not be honored, or that it was only a "temporary" measure. So this overt reckoning with the reality of union influence and legitimacy was another part of the reframe.

MOMENT #2 - The second reframe associated with the Hospital Futures process came along later when the group began to start thinking about the hospital problem in a different way. Up until this point, the group had largely been focused on getting a number of how many hospital beds to shoot for in downsizing, or which hospitals would stay open and which would close, and furthermore that that decision was the responsibility of the director of the department to make. The group agreed to a new decision logic. They came to a mutual decision about the criteria that would be used to downsize. First, they agreed that they were not talking about the universe of inpatient care - that is to say, public and private hospital beds used for inpatient care - but rather the universe of inpatient care needed by and used by people who rely on the public sector. At that point that meant state hospitals and a total of 2400 beds. Second they agreed that the desired function and role of inpatient care for these people in the future ought to be limited to high acuity care. Inpatient care ought not be reserved for someone who really requires institutionalization or nursing.
care, but a hospital -right now. Third, they agreed that a lot of people, about 1,000 individuals, currently in the state hospital system are getting services other than high acuity, hospital care. So there was a policy target of around 1400 people - though the true number would be

Interest in:
1. Shifting premise of all state stuff must close and become privatized
2. Slowing downsizing because of loss of budgetary power
3. Making sure that employees don't get "shafted" in downsizing
4. Shifting resources to communities

Personal interest in producing interested outcomes but to do it in a way that offloads decision to some mechanism because "closing hospitals is like base closing problem"

Interest in creating reframe of hospital question, also communities becoming agitated that no action is being taken. So, give people a sense of familiarity while moving towards change

Participative decision making using familiar planning process with familiar groups of people represented.

People were tired of processing with no important decisions yet made.

Use of "Let's make a deal" metaphor as a catalyst to move people forward

Identified day for making decisions all day

Reframed Decision Premises
1. Framed problem as public sector capacity not all inpatient care.
2. Agreed that hospitals should be used for acute care only
3. Agreed that about 1,000 people were in hospitals that should not be.
4. Agreed that significant planning needed to occur around how to get these people out of hospitals and transition them into communities.
5. Agreed to premise that planning around hospitals should be locally drive with all groups, including unions, be represented.

Figure 19: Hospital Problem Reframe
reflected by further investigation. In any case, the next logical choice of the committee was to determine how to get people out of hospitals and transition them into communities. This, the committee agreed was a local planning issue that could be done hospital by hospital or region by region. It was at this point where one of the facilitators introduced the metaphor of “let’s make a deal” where the various partners in the process: boards, community agencies, the hospital, consumers, families, and unions, would coparticipate in decided what to do with their local regional inpatient capacity. The committee would retain its role as a policy advisor, and parameter setting body as well as being the final arbiter of statewide inpatient standards and competition. The reframe, in this particular case, was a movement to collective responsibility and collaborative solutions rather than demanding top-down hierarchical choices about what hospitals to close and managing that closure.

MOMENT #3 – A third “reframe” occurred around the conversion of the Millcreek Children’s Psychiatric Center to a multi-site community based state operated service. The details of this process are described elsewhere (Ishiyama, 1995), but essentially the community mental health boards made the argument that rather than receiving staff from the MPC conversion they should receive the cash out value of the hospital. The position they took was reflective of virtually every other region in the state with respect to hospital closings – especially children’s hospital closings. After several months of negotiating the southwest Ohio community
boards agreed to accept the staff and some dollars, and almost as quickly as that began planning in earnest to 1) get as many SOS staff as possible 2) come up with needed programming that could use hospital workers, and 3) establish a regional entity to manage inpatient services in the region.

What was at the root of the attitude change? First, it probably was not an attitude change about the policy of converting children's psychiatric hospital closures into programs instead of dollars. Community boards persisted in their belief that the superior public policy would be to transfer the budgetary dollars to the local communities in lieu of state hospital staff. Their logic was pretty inescapable from their point of view. State hospital workers cost nearly twice as much as their counterparts in the community. Moreover, state hospital worker often do not come close to community workers in terms of the educational and professional standards they must meet. Aside from the differences in personnel qualifications, communities were themselves extremely short of operating funds, so they needed the dollars desperately. They were anticipating and expecting additional state support from an aggressive hospital closure plan. Indeed the Mental Health Act stipulated additional monies going to local communities as hospitals consolidated and closed.

So community boards in the southwest continued to believe that receiving the dollars was the better public policy choice and the action most consistent with public law.
On these points they did not budge. However, eventually not
only did they concede but they wholeheartedly and
enthusiastically developed much needed programming in
conjunction with the hospital and worked to integrate new
hospital staff into their respective community systems.

While they never changed their minds, they certainly
changed their attitudes and their behavior. The CEO of the
hospital, pinpointed a particular point in time when the
reframe occurred.

The point where all of this came to reality -- at
one point in time Bill Harper looked across and
said to us "what you're really saying to us is that
we have the option of utilizing these people, but
we do not have the option of taking any of the
monies that these people are using and having it
designated for southwest. If we don't take it it
will go into the general fund and there is no way
of preventing that... is that what you're saying."
Yes. that's what we're saying. All of a sudden
someone turned on a 5 billion megawatt light...
It was like a second coming. [They] became
animated and very positive about things. [They]
didn't say so much about the [lawsuit with the]
department, and everybody was working together. We
walked out of there and we went into the lobby and
just stood there and looked at each other...
completely different dynamic. It was really
remarkable from that point on. (ODMH staff, 10/94)

Another participant put it this way:
there was a point when Bill harper basically
said... an impasse doesn't do anybody any good, and
we've been at an impasse for a long time, lets do
this. Lets do it in a way that's useful to us and
gives you what we need. It turned just like that.
From that point, this issue of close the hospital
and give us the money, was a side comment that
would get thrown in from time to time that we all
agreed to laugh about it, not that it wasn't
serious, it was serious but it was no longer the
dominant theme. The dominant theme was "we can do
this." (ODMH staff, 11/94)
What produced this sudden shift in position and attitude? Several factors seem to be present in this particular micro-moment. First of all, there were two new board directors (out of a total of five) introduced to the process at exactly this moment in time. One of the new board directors was the individual credited with the micro-moment described above and the other was the executive in charge of the single most populous and politically influential county in the area. Both had positive experiences with SOS, and both had no time to waste arguing with the department. That no-nonsense, logical attitude made practical sense to a group of fairly practical board directors. The new board directors were also outsider-insiders (members of the ingroup but also coming in with an outside, somewhat objective opinion) who in so many words let their new associates know that arguing with the department was rather minor compared to all of the other important things that have to get done.

There were several other contextual reasons that may have contributed to the development of this particular micro-moment including (1) the fact that Millcreek was not a particularly high profile hospital nor was it thought of as an important battleground so when one of their members "broke ranks" it didn't seem like a fight they should pursue. Instead, there were (2) other forums for battling the legal complaint against the department, such as the presence of a lawsuit against the department of which two of the southwest boards were plaintiff boards. Finally, (3) departmental agents did a fair amount of one on one conversations with
individual board directors to bolster personal relationships, float trial balloons, and to try to influence their relationships with other board directors.

MOMENT #4 - There was also a reframing experience orchestrated by both the department and board leadership around the Sagamore Hills Children’s Psychiatric Hospital. Essentially, the northeast Ohio boards and the department had been embroiled in significant conflict over the disposition of the hospital. Like Millcreek, the Sagamore issue was wrapped up in money v. SOS and legal questions of law and state v. local control. But unlike Millcreek, Sagamore was hotly contested by the community boards in the area, partly because the northeast boards were much more ideologically driven by what they believed was the “right” approach to providing for children of need and partly because Sagamore seemed to be an important point in time to draw the line in the sand.

It was a very difficult process for all of the participants involved. All sides viewed their perspective as the “right thing to do,” and basically stuck to their guns. Discussions were at a standstill for weeks at a time. Progress would be made in small spurts, but still the issue dragged on, while the energy to find that transformational solution waned. There was never any transformational solution in this case, but there was a number of points when movement jumped forward at times when the movement could have easily stalled and regressed. In these moments, there was a

"The Sagamore Hills experience is detailed elsewhere in this dissertation."
small but substantial reframe involved.

One of those moments involved a meeting at which the present author facilitated. The meeting was billed as a day for coming to resolution surround several principle issues, the most important of which were those regarding (1) ownership of the hospital programs and (2) money. The meeting progressed in the usual fashion -- people approached a decision and then back away from it, and then approached another decision and backed away from it again -- and then one of the board directors offered a suggestion that the group place a bubble around itself and agree to make decisions freely without any consequences - that is to play with decisions and take them to their logical conclusions without the fear that people would be held to those logical conclusions. Everyone agreed. About 10 minutes later a decision about finances and about ownership was made.

At the time, there did not appear to anything special about the dynamic inside the bubble, nor did the participants express any difference in how they felt inside the bubble as opposed to how they would feel under normal circumstances. There was only a little confusion about when the bubble should end and when should reality start up again. But, while the experience was completely unremarkable in some respects, a decision was made that everyone agreed to, which in this case was rather remarkable. One participant observed, "I think that after the decision was made about the money that's when everything changed - that's when everything became o.k."

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APPENDIX B

With respect to the analysis I took the following steps:

1. I asked the question "HOW WERE THE SAGAMORE AND MILLCREEK CHANGE PROCESSES SIMILAR AND DIFFERENT?" Though similarities and differences were both discussed in the transformation chapter, when I compared across change types I included only the ways in which Sagamore and Millcreek were the same. In other words, I treated Sagamore and Millcreek as a unit.

2. I began the cross-analytic process by asking the question, "WHAT DIMENSIONS WERE PRESENT IN EACH CASE?" or in other words "what did all cases share?" The results of this process turned up four shared dimensions which I discuss in the text of the dissertation: action impact, locus of control, external pressure, attractive forces, and rate of action.

3. Then based on those results I asked, "ALONG EACH SHARED DIMENSION WHAT DOES AGENCY A (E.G. ODMH) AND AGENCY B'S (E.G. SAGAMORE AND MILLCREEK) CHANGE PROCESS HAVE IN COMMON THAT WAS DIFFERENT FROM AGENCY C? (E.G. BWB) I repeated this question using how B and C are similar yet different from A and again for how A and C are similar yet different from B. I also looked at the relative strength of presence of each dimension (see Table 21)

4. In total, this process yielded multiple 2X2's of which I concentrate on one: action impact X action frequency.
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<td>EXTERNAL</td>
<td>HIGH</td>
<td>HIGH</td>
<td>HIGH then LOW*</td>
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</tbody>
</table>

* - SEQUENCED

Table 21: Subjective Estimates of Dimension Strength/Presence
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