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# Applying AI in a Constrained Business Setting

## A Practical and Flexible Framework

**ABSTRACT**

As practitioners, we don't always have the ability to create the exact conditions we would like for our Appreciative Inquiry work with clients. This article describes the interactions and results when the client's demands and wishes intersect with the facilitator's perspective. It also suggests ways of achieving desired results while still being respectful of client demands.

Client #650<sup>1</sup> is a US firm in the software industry with a history of difficulty in creating a collaborative, growth-oriented culture, especially in senior management ranks.

A new executive wanted to reverse this history, and after conversations with the receptive CEO, they mutually agreed to create a relatively large team (over 15) of high-potential individuals in the company to assess what needed to be done and how a new culture could be created. The team ranged from those who had been with the company only a few weeks to members of middle management who were viewed as high potentials.

Clearly these are not unusual conditions in the business world, and thus the author's challenge as moderator was to fit as much as was possible of the core principles of Appreciative Inquiry (AI) into an off-site framework.

The discussion below relates how the author attempted to inject AI principles into the process, and the extent to which this was successful.

**The process**

The team of 15 met off-site over two intensive days. The stated purpose was to help senior leadership create a 'growth culture'. The author created a draft 'placeholder' agenda for the two days that was intended to:

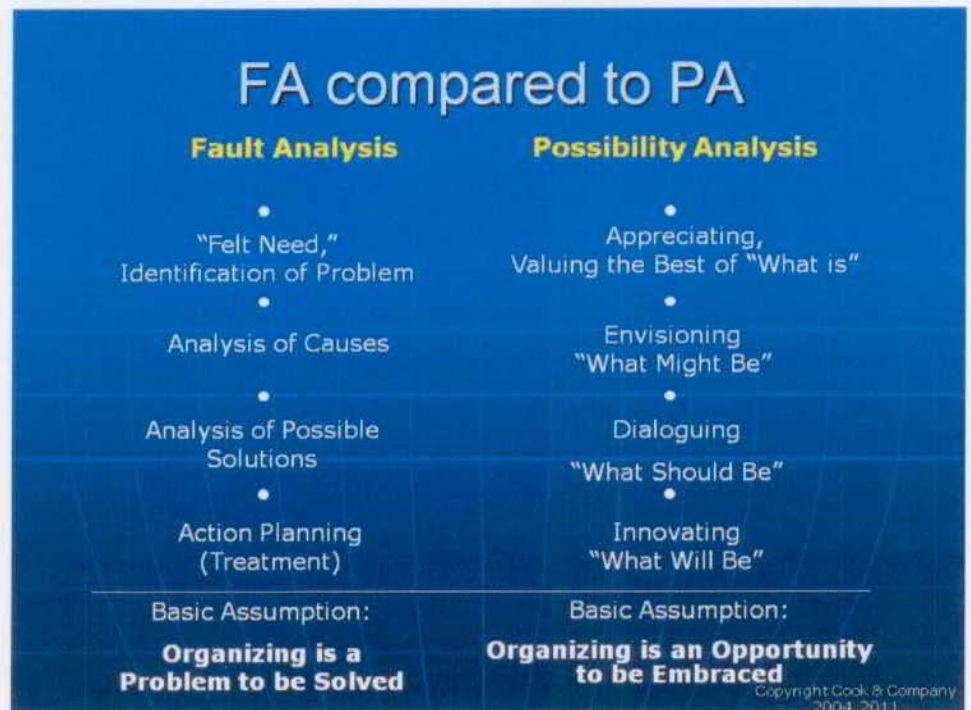
- Show how the best of the organization might be the basis for creating the organization of the future.

<sup>1</sup> The industry, as well as the characterization of certain comments and representations of senior managers, has been altered to disguise the company and its employees.



- Avoid a direct discussion of whether 'fault analysis' or AI produce the best results, but rather present a way of thinking about meeting expectations that focused on outcomes rather than what the antecedents of the process were. Thus, the term 'Appreciative Inquiry' was never used. Instead, an initial exercise on 'what was your best moment here' was introduced. After the conclusion of that exercise, a brief discussion was held around the behavioral science notion that the finding of fault tends to cause 'pain in the brain'.
- Use the principle that the earlier the on-going dialogue takes place in the context of a proposed discussion with the senior management team, the more likely it would be that a healthy dialogue could be created and sustained.
- Make it clear that an honest discussion could be conducted with senior management, but that it had to be done in the proper way.
- Ensure that, since the culture of the organization was focused on how well employees interacted with clients and with others, there was ample opportunity to use the presentation reviews as a means of both making the presenters comfortable with their parts of the presentation, and advancing the discussion in ways that often continued to mature the logic of the group's thinking.
- Make clear that no off-site could take the place of the journey that is required to transform culture; it was thus as important to define an approach going forward from the off-site as it was to report the group's findings.

Fault-analysis and possibility-analysis compared



## Focus less on organizational structure, and more on information flows.

One can note that, on the first day, the AI principles of Inquiry and Imagination were introduced immediately after the introductions. Then, to meld the process with what the senior leaders wanted, we took a look back to obtain the view of the 'as-is' state that those leaders wanted defined.

We used this approach based on a proprietary model (pulled together by the author) of how AI (cast by the author as possibility-analysis or 'PA' for these purposes) and typical fault-analysis ('FA') approaches compare. (See Figure 1 on page 58)

### What happened?

During the kick-off, four cultural attributes that the senior leaders wanted to see were outlined. These attributes were defined specifically in advance by the senior leadership, and shared across all managers in the company. They were:

- Effective and consistent processes, especially for marketing and sales
- Consistent growth in revenues
- Better aligning growth opportunities with the company's strategy
- Clearly evaluating people

The group discussed and substantially embraced the behaviors that the two senior team members felt were important for participants to display during the off-site. These included:

- Put on your 'company ownership hat', unless specifically asked to think from the perspective of your line or functional organization.
- Focus less on organizational structure, and more on information flows and who should decide what issues.
- Model the behaviors that you would like to see across the entire company going forward.

Both the stated attributes of the proposed culture and the behaviors that were expected of the participants seemed to resonate, and were posted in the meeting room throughout the two days of discussions. This proved helpful in both focusing discussion, and more particularly, in helping ameliorate some less-than-helpful behaviors that surfaced from time to time.

### Day one: finding moments to be proud of

The meeting started with each participant writing on a large white board (in 20 words or less) a moment in their history with the company of which they were the most proud. Additionally, each participant was asked to write not more than three reasons why they cited that moment or situation.

A wide range of moments, processes, events or reactions to events were cited by the team members, including:

- Significant reduction in processing accounts receivable by a team in the finance department

For this team, one of the most powerful learnings was they could create the 'current future' they wanted.

- Responding quickly and effectively to an urgent customer request for help (cited several times)
- Rapidly fixing an issue embarrassing to the company (also cited several times)
- A longer-term effective relationship with an important customer, who clearly became an advocate for the organization

After the initial writing phase, the participants each took turns explaining in three minutes why they made their choice. Most of the explanations were telegraphed by the nature of the choice made (e.g. 'The customer was impressed with the quality and rapidity of our response in fixing a problem with release 2.5.')

### Engendering healthy discussion

However, two irregular conversations took place during this discussion. The first was when one of participants from an HR functional support group cited reducing the time it took to complete performance reviews, which engendered a healthy discourse as to whether this was something of value (the group agreed it was) and whether it should be part of the desired growth culture (the group thought it was).

The second was when the group was asked to think about the behaviors that might underlie the moments they had selected. As we randomly selected moments and discussed the related behaviors, two important points emerged:

- First, it became evident that there were a very limited number of behaviors that applied to most of these events, and even for those behaviors, there were different levels of generality. For example, while 'being proactive' and 'taking responsibility' were important, it also was evident that those two behaviors could be said to be sub-categories of a behavior identified as 'taking ownership'.
- Second, the very behaviors that senior management was hoping would surface as needed in the future had been displayed episodically throughout the organization over a long period of time. The problem was that they were not in evidence consistently nor necessarily in the situations where they could have the maximum impact. Example: Ownership of success. While in evidence when heroic acts were required to deliver results, this behavior was evidenced rarely in those situations where it would have helped the organization routinely deliver more consistent results.

As a result of this developing perspective, the tone of the group's discussion evolved from 'but we need to fix our problems, and to do so, must create new behaviors' to one of 'ah, we in fact have had successes, and those were at least in part the application of a limited number of important behaviors, so our challenge is much easier'. A great example of AI at work!

At the end of the first day, there was a short 'interim out-brief' with the initiating senior executive. This was notable in that the senior executive heard feedback that things weren't necessarily going well, and that some team members were unhappy that there wasn't a greater focus on solving 'their' problems and/or giving certain team members more speaking time. The author found himself

defending the process to some extent, but found that the best answer was the truth: that this was the first day, the team was still in some sense in the 'storming phase' and that the senior executive needed to hold her reservations until the out-brief on the morning of the third day.

### **Day two: analyzing issues**

The second day was spent analyzing specific issues in more detail in small groups, and the author attempted to seed those groups with the AI perspective of what things should look like as opposed to what the problems were. This was moderately difficult (despite the apparent 'breakthrough' in the power of affirmative thinking in the later part of the first day), apparently for two related reasons:

1. Many of the team members had been conditioned their whole working lives to think about issues and faults, and the 'DMAIC' model (Define, Measure, Analyze, Improve, Control), rooted in fault analysis (Six Sigma) was their problem-solving method of choice.
2. Apart from choice of analytical model, at least a few of the team members appeared to be more interested in assigning fault, especially to others, as opposed to focusing on creating constructive solutions. However, as the day went on, the group appeared to increasingly associate this view as an artefact of a culture of 'blame the other guy', and of avoiding responsibility whenever possible. In other words, contrary to the notion of 'ownership', which was increasingly dominating the conversation.

Similarly, the initial focus on what was right served (as expected) to defuse the initial urge to blame others, but as the discussion continued, this focus served to help bring the group culture to bear on those who wished to go back to a 'whose fault is it' approach. This was reinforced by the fact that the common behaviors exposed early in the first day provided a specific positive construct.

Thus, in the face of new attempts to assign blame, the author was repeatedly and successfully able to ask the question, 'It appears the group understands some of the negative history: now, will the positive behaviors we have identified help deal with this particular issue, and if so, how?' Not one negative issue survived a discussion initiated by a variant of this question.

### **The team's conclusions**

The group reached the following four conclusions:

1. We have good examples of what we need to reinforce.
2. We need to improve materially.
3. There are key dimensions that we need to emphasize.
4. With the senior team's support, this team is willing to lead the effort.

With regard to the third point, the team also stepped up to outline some perspectives that it felt might be difficult for the senior team to accept:

## Senior leadership listened to direct constructive criticism.

The group wanted leadership, not micro-management (feeling that there was too much granular management, which they also felt took the attention of senior leaders away from a growth focus).

- As part of the above point, they wanted middle management levels to have more authority and to be held more accountable.
- Finally, they also saw a need for increased focus on strategy, process and resources for growth.

The '4Is' of AI all seem to be embedded in these conclusions, albeit in a slightly different order than normal, as follows:

- The team inquired as to what had gone well.
- It then realized it could imagine a future in which the most positive aspects of the past and present could be consistently present.
- Only then did the team realize that a methodology that initiated a focus on the positive could in fact create a 'current future' that embodied what it desired.
- At least for this team, at this time, perhaps one of the most powerful learnings was that, through their own commitment to innovate by taking responsibility, they could create the 'current future' they wanted.

### The out-brief

The out-brief to all members of the senior team itself lasted over three hours on the third day. To the surprise of many, the senior team listened to direct suggestions on how the team could improve its own performance, and appeared to embrace the vision of the company that the team proposed, and committed, at least at that moment, to support the actions required.

### Postmortem

Unfortunately, the company had gone too long without growth, and the environment within which it operated shortly demanded that it draw back from its plans to change. A number of key individuals left, and the status of the company is in flux as of this writing. Which leads to the following questions:

- What, if anything, did individual team members take away from this experience, now two years old?
- In what ways, if any, did the organization change as a result of this effort?
- While the confluence of events the company faced subsequent to the team's work appears on the surface to have been 'Black Swan' events, impossible to predict, particularly in their virtually simultaneous timing, was that really the case?
- Would the senior leaders have gone through the work if they had known what they knew subsequently?

## What went right:

- The team was able to coalesce in the end around several positive steps, despite difficulties early and in the middle of the process. For example, a number of members had very fixed ideas about 'what was wrong', especially in terms of blaming others (functional versus operations personnel and performance were particular themes). These were difficult to overcome.
- Findings applied beyond growth to the very heart of the company's performance. As related above, perhaps the most profound understanding here was that the behaviors that were important had positive implications far beyond growth itself.
- Senior leadership, for apparently a rare time, listened to direct, constructive criticism. The latter was the result of some fairly intensive role-playing by the team and facilitator with those who were chosen to give presentations.
- Team members appeared to learn the need to compromise on their initial beliefs where others' opinions and the facts were weighted appropriately.

## What went wrong:

- The team was too large which slowed down the work, which probably resulted in less constructive output.
- Senior executives set initial expectations without a feedback loop with the team, and thus lost the opportunity to have the growth issue redefined in a way that might have best benefited the organization (that is, perhaps an initial exploration of the senior executives' expectations with the team would have uncovered the proposition that some critical behaviors could improve performance across the organization's entire value chain).
- Ownership and senior management waited too long to confront the 'growth issue', and as a result the company is currently undergoing a wrenching down-sizing/reorganization.

## Conclusions:

- AI has the ability to disrupt pattern thinking formed over a long period of time in highly bureaucratic organizations.
- Abstracting from the author's numerous applications of AI principles, it is becoming clear that a stated goal often can be met while some unforeseen significant collateral advantages are gained. In this case, participants began to see that the impediments to growth they were identifying were also having a profound impact on the organization's ability to effectively execute against its mission.
- While, as Yogi Berra stated, 'Predictions are difficult, particularly about the future', if predictions drive action, even in adverse circumstances, the AI process can drive important insights and improve an organization's cultural health.